

V.I. LENIN

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A CHARACTERIZATION  
OF ECONOMIC  
ROMANTICISM



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OF ECONOMIC  
ROMANTICISM

(SISMONDI ~~THEORY~~ NATURALISM)



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# **PUBLISHER'S NOTE**

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The Swiss economist Sismondi (J.-C.-L. Simonde de Sismondi), who wrote at the beginning of the present century, is of special interest in the study of those general economic problems which are now pushing themselves to the forefront with particular force in Russia. If to this we add that Sismondi occupies a special place in the history of political economy, in that he stands off the track of the main trends, that he is an ardent advocate of small production and opposes the advocates and ideologists of large-scale enterprise (just as the present-day Russian Narodniks do), our readers will appreciate our intention to give an outline of the main features of Sismondi's doctrine and of its relation to other—contemporary and subsequent—trends in economic science. The study of Sismondi is made all the more interesting at the present time by the fact that in the magazine *Russkoye Bogatstvo*<sup>2</sup> for last year, 1896, we find an essay which is also devoted to an exposition of Sismondi's doctrine

(B. Ephrucky: "The Social and Economic Views of Simonde de Sismondi," *Russkoye Bogatstvo*, 1896, Nos. 7 and 8).\*

This contributor to *Russkoye Bogatstvo* states at the very outset that no writer has been "so wrongly appraised" as Sismondi, who, the writer alleges, has been "unjustly" represented, now as a reactionary, and now as a utopian. The very opposite is the case. It is precisely *such* an appraisal of Sismondi that is quite correct. The essay in *Russkoye Bogatstvo*, however, while containing an accurate and detailed account of what Sismondi wrote, quite wrongly characterizes his theory,\*\* idealizes precisely those points of it which most closely resemble that of the Narodniks, and ignores and misrepresents his relation to subsequent trends in economic science. Hence, our exposition and analysis of Sismondi's doctrine will at the same time be a criticism of Ephrucky's essay.

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\* Ephrucky died in 1897. An obituary of him was published in *Russkoye Bogatstvo* for March 1897.

\*\* It is quite true that Sismondi was not a Socialist, as Ephrucky states at the beginning of his article, repeating what was said by Lippert (cf. *Handwörterbuch der Staatswissenschaften*, V Band, Artikel "Sismondi" von Lippert, Seite 678) (*Dictionary of Political Science*, Vol. V. article by Lippert entitled "Sismondi," p. 678.—Ed.).



**CHAPTER I**  
**THE ECONOMIC THEORIES**  
**OF ROMANTICISM**

The distinguishing feature of Sismondi's theory is his doctrine of revenue, of the relation of revenue to production and to the population. The title of Sismondi's principal work is: *Nouveaux principes d'économie politique ou de la richesse dans ses rapports avec la population* (Seconde édition. Paris, 1827, 2 vol. The first edition was published in 1819)—*New Principles of Political Economy, or Wealth in Relation to Population*. This subject is almost identical with the problem which in Russian Narodnik literature is known as the "problem of the home market for capitalism." Sismondi asserted that the development of large-scale enterprise and of wage-labour in industry and agriculture inevitably causes production to outrun consumption and brings it face to face with the insoluble problem of finding consumers; that it cannot find consumers within the country because it converts the bulk of the population into day labourers, common workers, and creates an unem-

ployed population, while the search for a foreign market becomes increasingly difficult owing to the entry of new capitalist countries into the world arena. The reader will see that these are precisely the problems which occupy the minds of the Narodnik economists headed by Messrs. V. V. and N. —on.<sup>8</sup> Let us, then, examine more closely the various points of Sismondi's argument and its scientific significance.

## I

### DOES THE HOME MARKET SHRINK AS A CONSEQUENCE OF THE RUINATION OF THE SMALL PRODUCERS?

Unlike the classical economists, who, in their arguments, had in mind the already established capitalist system and took the existence of the working class as a matter of course, Sismondi emphasizes the process of ruination of the small producers—the process which leads to the formation of the working class. That Sismondi deserves credit for pointing to this contradiction in the capitalist system is beyond dispute; but the point is that as an economist he failed to *understand* this phenomenon, and that he covered up with “pious wishes” his inability to make a consistent analysis of it. In Sismondi's opinion, the ruination of the small producers proves that the home market shrinks.

"If the manufacturer sells at a cheaper price," says Sismondi in the chapter on "How the Seller Enlarges His Market" (ch. III, livre IV, t. I, p. 342 et suiv.),\* "he will sell more, because the others will sell less. Hence, the manufacturer always strives to save something on labour, or on raw materials, so as to be able to sell at a lower price than his fellow manufacturers. As the materials themselves are the products of past labour, his saving, in the long run, always amounts to the expenditure of a smaller quantity of labour in the production of the same product." "True, the individual manufacturer tries not to reduce the number of his workers, but to increase output. Let us assume that he succeeds, that he wins customers away from his competitors by reducing the price of his commodity. What will be the 'national result' of this?" "The other manufacturers will introduce the same methods of production that he employs. Then some or other of them will, of course, have to discharge some of their workers in proportion to the extent to which the new machine increases the productive power of labour. If consumption remains at the same level, and if the same amount of labour is performed by one-tenth of the former number of hands, then this section of the working class will be deprived of

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\* All further citations, without special reference, are taken from the above-mentioned edition of *Nouveaux Principes*.

nine-tenths of its revenue, and its consumption in all forms will be reduced in the same proportion. . . . The result of the invention—if the nation has no foreign trade, and if consumption remains at the same level—will consequently be a loss for all, a decline in the national revenue, which will lead to a decline in general consumption in the following year" (I, 344). "Nor can it be otherwise: labour itself is an important part of the revenue (Sismondi has wages in mind), and it is therefore impossible to reduce the demand for labour without making the nation poorer. Hence, the expected gain from the invention of new methods of production is nearly always obtained from foreign trade" (I, 345).

The reader will see that these words already formulate the entire "theory," so familiar to us, of "the shrinkage of the home market" as a consequence of the development of capitalism, and of the need for a foreign market because of this. Sismondi reverts to this idea extremely often, and links it with his theory of crises and with his population "theory"; it is as much the key point of his theory as it is of the theory of the Russian Narodniks.

Sismondi did not, of course, forget that under the new relationships, ruination and unemployment are accompanied by an increase in "commercial wealth," that the point at issue is the development of large-scale production, of capital-

ism. He understood this perfectly well and, in fact, he asserted that it was the growth of capitalism that caused the home market to shrink: "Just as it is not a matter of indifference from the standpoint of the welfare of the citizens whether the sufficiency and consumption of all tend to be equal, or whether a small minority has a superabundance of all things, while the masses are reduced to bare necessities, so these two forms of the distribution of revenue are not a matter of indifference from the viewpoint of the development of *commercial wealth* (richesse commerciale). \* Equality in consumption must always lead to the expansion of the producers' market, and inequality to the *shrinking of the market*" (de le (le marché) resserrer toujours davantage) (I, 357).

Thus, Sismondi asserts that the home market shrinks owing to inequality of distribution, which is an inherent feature of capitalism, that the market must be created by equal distribution. But how can this take place if *commercial wealth* exists, to which Sismondi imperceptibly passed (and to which he could not fail to pass, for otherwise he could not have argued about the *market*)? This he does not investigate. How does he prove that it is possible to preserve

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\* Italics here and elsewhere are ours, unless otherwise stated.

equality among the producers if commercial wealth exists, *i.e.*, competition between the individual producers? He does not prove it at all. He simply decrees that *it cannot be* otherwise. Instead of further analyzing the contradiction he rightly points to, he begins to argue that contradictions are undesirable in general. "It is possible that when small scale agriculture is superseded by large scale agriculture more capital is invested in the land, that a larger amount of wealth is distributed among the entire mass of agriculturists than had been distributed before"... (i.e., "it is possible" that the home market, the dimension of which is determined precisely by the absolute quantity of *commercial* wealth, has expanded?—expanded simultaneously with the development of capitalism?). . . . "But for the nation, the consumption of one family of rich farmers plus that of fifty families of poor day labourers is not equal to the consumption of fifty families of peasants, not one of which is rich but, on the other hand, not one of which lacks (a moderate) decent sufficiency" (*une honnête aisance*) (I, 358). In other words: perhaps the development of commercial farming does create the home market for capitalism. Sismondi was a far too educated and conscientious economist to deny this fact, but . . . but here the author drops his investigation, and for the "nation" of commercial wealth directly substitutes a "nation" of peasants.

Shunning this unpleasant fact, which refutes his petty-bourgeois point of view, he even forgets what he himself had said a little earlier, namely, that the "commercial farmers" rose out of "peasants" thanks to the development of commercial wealth. "The first farmers," he said, "were simple tillers. . . . They did not cease to be peasants. . . . They hardly ever employed day labourers for associated work, they employed only servants (*des domestiques*), always chosen from among their equals, whom they treated as equals, ate with them at the same table . . . constituted a single class of peasants" (I, 221). Thus, it all amounts to this, that these patriarchal peasants, with their patriarchal servants, are much more to the author's liking, and he simply turns his back on those changes which the growth of "commercial wealth" had brought about in these patriarchal relationships.

But Sismondi does not in the least intend to admit this. He continues to think that he is investigating the laws of commercial wealth and, forgetting the reservations he has made, bluntly asserts:

"Thus the concentration of wealth in the hands of a small number of proprietors *restricts the home market more and more (!)*, and industry is more and more compelled to look for foreign markets, where great revolutions await it" (*des grandes révolutions*) (I, 361). "Thus,

the home market cannot expand unless there is a growth of national prosperity" (I, 362). Sismondi has in mind the prosperity of the people, for he had only just admitted the possibility of "national" prosperity under commercial farming.

As the reader sees, our Narodnik economists say the same thing, word for word.

Sismondi reverts to this question again at the end of his work, in Book VII *On the Population*, in chapter VII: "On the Population Which Has Become Superfluous as the Consequence of the Invention of Machines."

"The introduction of large-scale farming in the countryside has led in Great Britain to the disappearance of the class of tenant farmers (fermiers, paysans) who worked themselves and nevertheless enjoyed a moderate sufficiency; the population declined considerably, but its consumption declined more than its numbers. The day labourers who do all the field work, receiving only the necessities of life, do not by any means give the same encouragement to urban industry as the rich peasants had given previously" (II, 327). "Similar changes also took place among the urban population.... The small tradesmen, the small manufacturers are disappearing, and one big entrepreneur takes the place of a hundred of them. Perhaps they were not all, taken together, as rich as he, but they, taken together, were



bigger consumers. The luxury he indulges in encourages industry far less than the moderate sufficiency of the hundred households which he superseded" (ibid.).

The question is: what does Sismondi's theory that the home market shrinks with the development of capitalism amount to? To the fact that its author, after a fleeting attempt to look the matter straight in the face, avoided analyzing the conditions that correspond to capitalism ("commercial wealth" plus large-scale enterprise in industry and agriculture, for Sismondi does not know the word "capitalism"; the identity of the concept<sup>9</sup> makes this use of the term quite correct and in future we shall simply say: "capitalism"), and in place of an analysis substituted his own petty-bourgeois point of view and petty bourgeois utopia. The development of commercial wealth and, consequently, of competition, he says, must leave intact the equal, average peasantry, with its "moderate sufficiency" and its patriarchal relations with its farm servants.

It goes without saying that this pious wish remained exclusively the wish of Sismondi and the other romanticists among the "intelligentsia"; that day after day it came into increasing conflict with the reality that was developing the contradictions, the depth of which Sismondi was not yet able to gauge.

It goes without saying that theoretical political economy, which in its subsequent development\* joined the classical economists, precisely established what Sismondi wanted to deny, namely, that the development of capitalism in general, and of commercial farming in particular, does not restrict the home market, it *creates* it. The development of capitalism proceeds simultaneously with the development of commodity production, and as domestic production gives way to production for sale, and the handicraftsman is superseded by the factory, a market is formed for *capital*. The "day labourers" who are pushed out of agriculture by the conversion of the "peasants" into "commercial farmers" provide labour power for capital, and the farmers become purchasers of the products of industry, not only purchasers of goods for consumption (which were formerly produced by the peasants in their own homes, or by village handicraftsmen), but also purchasers of implements of production, which could not remain of the old type after small farming was superseded by large-scale farming.\*\* The last point is worth emphasiz-

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\* This refers to Marxism (Author's footnote to the 1908 edition—Ed)

\*\* Thus, simultaneously are formed the elements of variable capital ('free' workers) and of constant capital; the latter comprises the means of production from which the small producers are freed.

ing, for it is precisely the one that Sismondi particularly ignores when, in the passage we have quoted, he talks about the "consumption" of peasants and farmers, as if only *individual* consumption (the consumption of bread, clothing, etc.) existed, as if the purchase of machines, implements, etc., the erection of buildings, warehouses, factories, etc., were not consumption, only of a different kind, namely, *productive consumption*, consumption, not by human beings, but by capital. And again we must note that it is precisely this mistake, in which, as we shall soon see, Sismondi followed Adam Smith, that our Narodnik economists took over in toto.\*

## II

### SISMONDI'S VIEWS ON NATIONAL REVENUE AND CAPITAL

The arguments Sismondi adduces to prove that capitalism is impossible and that it cannot develop are not limited to this. He also drew the same conclusion from his revenue theory. It must be said that Sismondi took over in its en-

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\* Concerning this part of Sismondi's doctrine—the shrinking of the home market as a consequence of the development of capitalism—Ephrussy says nothing at all. We shall see again and again that he left out precisely what most distinctly characterizes Sismondi's *point of view* and the attitude of Narodism towards his doctrine.

tirety Adam Smith's labour theory of value and three forms of revenue: rent, profit and wages. Here and there he even attempts to group together the first two forms of revenue as the antithesis to the third: thus, he sometimes combines them as the antithesis to wages (I, 104-105); sometimes he even uses the term *mieux-value* (surplus value) to designate them (I, 103). We must not, however, exaggerate the importance of this terminology as, we think, Ephrussi does when he says that "Sismondi's theory stands close to the theory of surplus value" (*Russkoye Bogatstvo* No. 8, p. 41). Properly speaking, Sismondi did not advance a single step beyond Adam Smith, who also said that rent and profit are "deductions from the produce of labour," the share of the value which the worker adds to the product (cf. *An Inquiry Into the Nature and Causes of the Wealth of Nations*, Russian translation by Bibikov, Vol. I, Chap. VIII, "Of the Wages of Labour," and Chap. VI "Of the Component Parts of the Price of Commodities"). Nor did Sismondi go further than this. But he tried to link this division of the newly created product into surplus value and wages with the theory of the social revenue, the home market and the realization of the product in capitalist society. These attempts are extremely important for an appraisal of Sismondi's scientific significance, and for making clear the connection between his doctrine

and that of the Russian Narodniks. It is therefore worth while analyzing them in greater detail.

In pushing into the forefront everywhere the question of revenue, of its relation to production, to consumption, to the population, Sismondi was naturally also obliged to analyze the theoretical grounds of the concept "revenue." And so at the very beginning of his work we find three chapters devoted to the question of revenue (I. II, ch. IV VI). Chapter IV, entitled "How Revenue Originates from Capital," treats of the difference between capital and revenue. Sismondi begins straight away to deal with this subject in relation to the whole of society. "Inasmuch as each works for all," he says, "what is produced by all must be consumed by all. . . . The difference between capital and revenue is important for society" (I, 83). But Sismondi has a feeling that this "important" difference is not as simple *for society* as it is for the individual entrepreneur. "We are approaching the most abstract and most difficult problem of political economy," he warns the reader. "The nature of capital and that of revenue are constantly interwoven in our minds: we see that what is *revenue for one becomes capital for another*, and the same object, in passing from hand to hand, successively acquires different names" (I, 84), i.e., "capital" at one moment and "revenue" at another. "But to confuse them," says Sismondi, "is an error"

(leur confusion est ruineuse, p. 477). "The task of distinguishing between the capital and revenue of society is as important as it is difficult" (I, 84).

The reader has probably noticed wherein lies the difficulty to which Sismondi referred: if the revenue of the individual entrepreneur is his profit, which he spends on various kinds of goods for consumption,\* and if the revenue of the individual worker is his wages, can these two forms of revenue be added together to form the "revenue of society"? What, then, is to be done with those capitalists and workers who produce machines, for example? Their product exists in a form that cannot be consumed (i.e., cannot be used for individual consumption). It cannot be added to goods for consumption. These goods are meant to serve as capital. Hence, while being the *revenue* of their producers (that part of them which recompenses for profit and wages) they become the *capital* of their purchasers. How can we straighten out this confusion, which prevents us from defining the concept social revenue?

As we have seen, Sismondi only approached the question and at once shrank from it, limiting himself to stating that it was a "difficult" one. He says plainly that "usually, three kinds of revenue are recognized: rent, profit and wages"

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\* To be more exact: that *part* of profit which is not used for accumulation.

(I, 85), and then he goes on to expound Adam Smith's doctrine concerning each of them. The question that was raised about the difference between the capital and the revenue of society remained unanswered. The exposition now proceeds without any strict division between social revenue and individual revenue. But Sismondi reverts once again to the question he abandoned. He says that, like the different forms of revenue, there are also "different forms of wealth" (I, 93), namely, *fixed capital*—machines, implements, etc., *circulating capital* which, unlike the former, is consumed quickly and changes its form (seed, raw materials, wages) and lastly, *revenue from capital*, which is consumed without being reproduced. The fact that Sismondi repeats all the mistakes Adam Smith made in the theory of fixed and circulating capital, that he confuses these categories, which belong to the process of circulation, with the categories which spring from the process of production (constant and variable capital), is not important for us here. What interests us is Sismondi's theory of revenue. And on this question, from the above quoted division just made of the three kinds of wealth, he deduces the following:

"It is important to note that these three kinds of wealth equally go into consumption; for everything that has been produced is of value to man only insofar as it serves his requirements,

and these requirements are satisfied only by consumption. But fixed capital serves this purpose indirectly (d'une manière indirecte); it is consumed slowly, helping man to reproduce what he needs for his consumption" (I, 94-95), whereas circulating capital (Sismondi already identifies it with variable capital) is converted into the "*worker's fund for consumption*" (I, 95). It follows, therefore, that, as distinct from individual consumption, there are two kinds of *social consumption*. These two kinds differ very much from each other. What matters is not, of course, that fixed capital is consumed slowly, but that it is consumed without forming *revenue* (a fund for consumption) for any class of society; that it is not used for individual consumption, but for productive consumption. But Sismondi fails to see this, and realizing that he has again strayed from the path\* in quest of the difference between social capital and revenue, he helplessly exclaims: "This movement of wealth is so abstract, it requires such a concentration of attention to grasp it fully (pour le bien saisir), that we deem it

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\* Sismondi had only just separated *capital* from *revenue*. The first is used for production, the second for consumption. But we are talking about society, and society also "consumes" fixed capital. The distinction that had been drawn falls to the ground, and the social economic process which transforms "the capital of one" into "the revenue of another" remains unexplained.



useful to take the simplest example" (I, 95). And indeed, he does take the "simplest" example: a single farmer (*un fermier solitaire*) harvested a hundred sacks of wheat; he consumed part of the wheat himself, part he used for sowing, and part was consumed by the workers he had hired. Next year he harvested two hundred sacks. Who is to consume them? The farmer's family cannot grow so quickly. Using this (exceedingly ill chosen) example to show the difference between fixed capital (seed), circulating capital (wages) and the farmer's fund for consumption, Sismondi goes on to say:

"We have seen three kinds of wealth in an individual family; let us now examine each kind in relation to the whole nation and see how the national revenue is produced by this distribution" (I, 97). But all he says after this is that in society too it is necessary to reproduce the same three kinds of wealth: fixed capital (and Sismondi emphasizes that a certain amount of labour has to be expended on it, but he does not explain how fixed capital will exchange for the consumers' goods which both the capitalists and the workers engaged in this production need); then come raw materials (Sismondi singles these out especially); then the maintenance of the workers, and the capitalists' profit. This is all we get out of chapter IV. Obviously, the question of the national revenue remained an open one,

and Sismondi failed to analyze, not only distribution, but even the *concept* revenue. He at once forgets the theoretically extremely important reference to the necessity of reproducing also the fixed capital of society; and in his next chapter, in speaking of the "distribution of the national revenue among the different classes of citizens" (ch. V), he goes straight on to speak of three kinds of revenue and, combining rent and profit, he says that the national revenue consists of two parts: profit from wealth (i.e., rent and profit in the proper sense of the term) and the workers' means of subsistence (I, 104-105). He says, moreover, that:

"Similarly, the annual product, or the result of all the labour performed by the nation in the course of the year, consists of two parts: one . . . is profit that comes from wealth; the other is the power to work (*la puissance de travailler*) which, it is assumed, is equal to the part of wealth for which it is exchanged, or means of subsistence for the working classes." "Thus, the national revenue and the annual product mutually balance each other and represent equal quantities. The entire annual product is consumed in the course of the year, but partly by the workers, who, giving their labour in exchange, convert it into capital and reproduce it, and partly by the capitalists, who, giving their revenue in exchange, destroy it" (I, 105).

Thus, the question of distinguishing between national capital and national revenue, which Sismondi himself so definitely admitted to be extremely important and difficult, he simply thrust aside, entirely forgetting what he had said only a few pages before! And he already fails to see that by thrusting this question aside, he reduced the problem to utter absurdity: how can the annual produce be totally consumed by the workers and capitalists in the form of revenue, when production needs capital, or to be more exact, means and instruments of production? They must be produced, and they are produced every year (as Sismondi himself has only just admitted). And now all these instruments of production, raw materials, etc., are suddenly discarded and the "difficult" question of the difference between capital and revenue is settled by the absolutely incongruous assertion that the annual product is equal to the national revenue.

This theory, that the entire product of capitalist society consists of two parts—the workers' part (wages, or variable capital, to use modern terminology) and the capitalists' part (surplus value), is not Sismondi's discovery. It is not his theory. He took it in its entirety from Adam Smith, and even took a step backward from it. The whole of subsequent political economy (Ricardo, Mill, Proudhon and Rodbertus) repeated this mistake, which was exposed only by the

author of *Capital*, in Part III of Volume II. We shall expound the principles underlying his views later on. At present we shall observe that this mistake is repeated by our Narodnik economists. It is of special interest to compare them with Sismondi, because they draw from this fallacious theory *the very same conclusions that Sismondi\* directly drew*, namely: the conclusion that surplus value cannot be realized in capitalist society; that social wealth cannot be increased; that it is necessary to resort to the foreign market *because* surplus value cannot be realized within the country; and lastly, that crises occur precisely because the product cannot be realized through consumption by the workers and the capitalists.

### III

#### SISMONDI'S CONCLUSIONS FROM THE FALLACIOUS DOCTRINE OF THE TWO COMPONENT PARTS OF THE ANNUAL PRODUCT IN CAPITALIST SOCIETY

To give the reader an idea of Sismondi's doctrine as a whole, we shall first deal with the major conclusions he draws from this theory, and then with the way his chief blunder is rectified in Marx's *Capital*.

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\* And which were prudently avoided by the other economists who repeated Adam Smith's mistake.

First of all, Sismondi draws from this fallacious theory of Adam Smith's the conclusion, that production must correspond to consumption, that production is determined by revenue. He goes on reiterating this "verity" (thus proving his total failure to understand the character of capitalist production) throughout the whole of his next chapter, VI: "The Mutual Determination of Production by Consumption and Expenditure by Revenue." Sismondi directly applies to capitalist society the ethics of the frugal peasant, and earnestly believes that, in this way, he has improved upon Adam Smith's doctrine. At the very beginning of his work, in speaking in the introductory part (Book I, History of Science) of Adam Smith, he says that he "supplements" Smith with the proposition that "consumption is the sole aim of accumulation" (I, 51). "Consumption," he says, "determines reproduction" (I, 119-120), "the national expenditure must regulate the national revenue" (I, 113), and his whole work is replete with similar assertions. Directly connected with this are two more characteristic features of Sismondi's doctrine: firstly, disbelief in the development of capitalism, failure to understand that it causes an ever-increasing growth of productive forces, denial that such growth is possible—in exactly the same way as the Russian romanticists "teach" that capitalism leads to a waste of labour, and so forth.

"Those who urge unlimited production are mistaken," says Sismondi (I, 121). Excess of production over revenue causes overproduction (I, 106). An increase in wealth is beneficial only "when it is gradual, when it is proportionate to itself, when not one of its parts develops at an excessive rate" (I, 409). Good Sismondi thinks that "disproportionate" development is not development (as our Narodniks also think); that this disproportion is not a law of the present system of social economy, and of its development, but a "mistake" on the part of the legislator, etc.; that in this the European governments are unnaturally imitating England, who has taken a wrong path.\* Sismondi wholly denies the proposition which the classical economists advanced, and which Marxist theory wholly accepted, namely, that capitalism develops the productive forces. In fact, he goes to the length of regarding all accumulation as being possible only "slowly," and is utterly unable to explain the process of accumulation. This is the second highly characteristic feature of his views. The way he argues about accumulation is extremely amusing:

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\* Cf for example, II, 456 457, and many other passages. Later on we shall quote specimens of them, and the reader will see that even in their mode of expression our romanticists, like Mr. N. —on, differ in no way from Sismondi.

"In the long run, the total product of a given year always exchanges only for the total product of the preceding year" (I, 121). Here accumulation is already wholly denied: it follows that the growth of social wealth is impossible under capitalism. The Russian reader will not be surprised by this assertion, because he has heard the same thing from Mr. V. V. and from Mr. N. —on. But after all, Sismondi was a pupil of Adam Smith. He has a feeling that he is saying something that is utterly incongruous, and he wants to correct himself:

"If production grows gradually," he continues, "then the exchange of each year causes only a slight loss each year (*une petite perte*), while at the same time improving the conditions for the future (*en même temps qu'elle bonifie la condition future*). If this loss is slight and well distributed, everybody bears it without complaint. . . . If, however, the discrepancy between the new product and the preceding one is great, capital perishes (*sont entamés*), suffering is caused, and the nation retrogresses instead progressing" (I, 121). It would be difficult to formulate the fundamental idea of romanticism and the petty bourgeois view of capitalism more vividly and more plainly than it is done in the above tirade. The more rapid the process of accumulation, *i.e.*, the excess of production over consumption, the better, taught the classical economists, who, although

they did not understand the process of the social production of capital, and although they were unable to free themselves from Adam Smith's mistaken view that the social product consists of two parts, nevertheless advanced the perfectly correct idea that production creates a market for itself and itself determines consumption. And we know that this idea of accumulation was taken over from the classical economists also by Marxist theory, which recognized that the more rapid the growth of wealth, the fuller is the development of the productive power of labour and its socialization, and *the better are the conditions of the workers*, insofar as they can be better under the present system of social economy. The romanticists assert the very opposite; they hope against hope that capitalism will not develop to any extent; they call for its *retardation*.

Further, the failure to understand that production creates a market for itself leads to the doctrine that surplus value cannot be realized. "From reproduction comes revenue, but *production in itself is not yet revenue*: it acquires this name (ce nom! Thus the difference between production, i.e., the product, and revenue lies only in the word!), and appears as such (elle n'opère comme tel) only after it is realized, after each article produced finds a consumer who needs it, or finds enjoyment in it" (qui en avait le besoin ou le désir) (I, 121). Thus, the



identification of revenue with "production" (i.e., with all that is produced) leads to the identification of realization with *individual* consumption. Sismondi has already forgotten that the realization of such products as, for example, iron, coal, machines, etc., of means of production in general, takes place in a different way, although he had come very close to this idea earlier. The identification of realization with *individual* consumption naturally leads to the doctrine that it is precisely *surplus value* that the capitalists cannot realize, because, of the two parts of the social product, wages are realized through their consumption by the workers. And indeed, Sismondi arrived at this conclusion (subsequently amplified in greater detail by Proudhon and constantly repeated by our Narodniks). In controversy with MacCulloch, Sismondi asserts precisely that the latter (in expounding the views of Ricardo) fails to explain the realization of profit. MacCulloch had said that, with the division of social labour, one branch of production provides a market for another: the producers of bread realize their commodities in the product of the producers of clothing and vice versa.\* "The author," says Sismondi,

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\* Cf. supplement to *Nouveaux Principes*, 2nd ed., Vol. II; "Eclaircissements relatifs à la balance des consommations avec les productions" ("Explanations Relative to the Balance of Consumption and Production"—*Ed.*), where Sismondi translates and disputes the essay by

"presupposes labour without profit (*un travail sans bénéfice*), reproduction which recompenses only the consumption of the *workers*" (II, 384, Sismondi's italics) ... "he leaves nothing for the master" ... "we shall investigate what becomes of the excess of the workers' production over their consumption" (*ibid.*). Thus, we find that this first romanticist already makes the very definite statement that the capitalists are unable to realize *surplus value*. From this proposition Sismondi draws the further conclusion—again the very same conclusion that our Narodniks draw—that *the very conditions of realization make it necessary for capitalism to have a foreign market*. "As labour is itself an important component of revenue, the demand for labour cannot be reduced without making the nation poorer. Hence, the expected gain from the invention of new methods of production nearly always relates to *foreign trade*" (I, 345). "The nation which makes the first discovery of any kind is able, for a considerable time, to expand its market in proportion to the number of hands that are released by each new invention. It employs them forthwith for the purpose of producing a larger quantity of the products which its invention enables it to produce

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Ricardo's disciple (MacCulloch) published in the *Edinburgh Review* entitled "An Inquiry Into the Question as to Whether the Power to Consume Always Grows in Society Simultaneously With the Power to Produce."

more cheaply. But at last the time will come when the whole civilized world will form a single market, and it will no longer be possible to acquire new purchasers in any new nation. Demand in the world market will then be a constant (*précise*) quantity, for which the different industrial nations will compete against each other. If one nation supplies a larger quantity of products, it will do so to the detriment of another. The total amount of sales cannot be increased, except by an increase in general prosperity, or by the passage of commodities, formerly the exclusive possession of the rich, into the sphere of consumption of the poor" (II, 316). The reader will see that Sismondi presents the very theory that our romanticists have learned so well, namely, that the foreign market provides *the way out of the difficulty* of realizing the product in general, and surplus value in particular.

Lastly, this same theory that national revenue and national production are identical led to Sismondi's theory of crises. After what has been said above, it is scarcely necessary to quote the numerous passages in Sismondi's work which deal with this subject. His theory that production must be equal to revenue naturally led to the view that crises are the result of the disturbance of this balance, the result of excess of production over consumption. It is evident from the passage we have just quoted that Sismondi regarded

precisely this discrepancy between production and consumption as the main cause of crises; and he placed in the forefront the underconsumption of the masses of the people, the workers. This explains why Sismondi's theory of crises (which Rodbertus also took over) is known in economic science as a specimen of the theories which ascribe crises to underconsumption (Unterkonsumtion).

#### IV

#### WHEREIN LIES THE FALLACY OF ADAM SMITH'S AND SISMONDI'S THEORY OF NATIONAL REVENUE?

What was the fundamental mistake that led Sismondi to all these conclusions?

His theory of national revenue and of its division into two parts (the workers' part and the capitalists' part) Sismondi took over bodily from Adam Smith. Far from adding anything to Adam Smith's proposition, he even took a step backward by omitting Adam Smith's attempt (even though unsuccessful) to prove this proposition theoretically. Sismondi appears not to notice how this theory contradicts the doctrine of production in general. Indeed, according to the theory which deduces value from labour, the value of a product consists of three components: the part which replaces the raw materials and instruments of production (constant capital), the part which

replaces wages, or the maintenance of the workers (variable capital), and "surplus value" (Sismondi calls it *mieux value*). Such is the analysis of the value of an individual product made by Adam Smith and repeated by Sismondi. The question is: how can the *social* product, which is the sum total of *individual* products, consist only of the two latter parts? What has become of the first part—constant capital? As we have seen, Sismondi merely wandered around this question, but Adam Smith gave an answer to it. He asserted that this part exists independently only in the individual product. If, however, we take the entire social product, this part resolves itself into wages and surplus value—namely, of those capitalists who produce this constant capital.

In giving this answer, however, Adam Smith did not explain on what grounds this dissolution of the value of constant capital, say of machines, again leaves out the constant capital, i.e., in the example we gave, the iron out of which the machines are made, or the implements used up in the process, etc.? If the value of each product includes the part which replaces constant capital (and all economists agree that it does), then its exclusion from any sphere of social production whatever is quite arbitrary. As the author of *Capital* pointed out, "when Adam Smith says that the instruments of labour resolve themselves into wages and profit, he forgets to add: *and into*

*that constant capital*, which is used up in their production. Adam Smith simply sends us from Portius to Pilate, from one line of production to another, from another to a third,"<sup>4</sup> failing to notice that this shifting about does not alter the problem in the least. This answer of Smith's (that was accepted by all the subsequent political economists before Marx), is simply an evasion of the problem, dodging the difficulty. And there is indeed a difficulty here. The difficulty lies in that the concepts capital and revenue cannot be directly transferred from the individual products to the social product. The economists admit this when they say that from the social point of view "the capital of one becomes the revenue of another" (cf. Sismondi, as quoted above). But this sentence only *formulates* the difficulty, it does not solve it.\*

The solution lies in that when examining this question from the social point of view, we can no longer speak of products in general irrespective of their material forms. Indeed, we are discussing the social revenue, i.e., the product which becomes available for consumption. But not all products can be consumed by way of *individual*

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\* We are giving here only the *gist* of the new theory which provides this solution, leaving ourselves free to present it in greater detail elsewhere. Cf. *Das Kapital*, II. Band, III. Abschnitt<sup>5</sup> (For a more detailed exposition cf. *The Development of Capitalism*, Chap. I.)<sup>6</sup>

*consumption*: machines, coal, iron, and similar articles are not consumed by individuals, but in production. From the individual entrepreneur's point of view this distinction was superfluous: when we said that the workers would consume variable capital we assumed that they would exchange in the consumers' goods market the money the capitalists received for the machines the workers had made and with which they paid these workers. Here the exchange of machines for bread does not interest us. But from the social point of view, this exchange cannot be *assumed*: we cannot say that the entire capitalist class which produces machines, iron, etc., sells these things, and in this way realizes them. The whole question is *how* realization, *that is*, the replacement of all parts of the social product, takes place. Hence, the point of departure in discussing social capital and revenue—or what is the same thing, the realization of the product in capitalist society—must be the distinction between two entirely different forms of the social product: *means of production* and *articles of consumption*. The former can be consumed only in production, the latter only individually. *The former can serve only as capital, the latter must become revenue, i.e., must be destroyed in consumption by the workers and capitalists. The former go entirely to the capitalists, the latter are shared between the workers and the capitalists.*

Once this difference is understood and the mistake made by Adam Smith, who left out of the social product its constant part (i.e., the part which replaces constant capital), is rectified, the question of the realization of the product in capitalist society becomes clear. Obviously, we cannot say that wages are realized through consumption by the workers and surplus value through consumption by the capitalists, and *nothing more* \* The workers can consume wages and capitalists surplus value only when the product consists of articles of consumption, i.e., only in one department of social production. They cannot "consume" the product which consists of means of production: these *must be exchanged for articles of consumption*. But for which part (of the value) of the articles of consumption can they exchange their product? Obviously, only for the *constant part*

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\* This is exactly how our Narodnik economists Messrs V. V and N. —on reason We deliberately dealt above in particular detail with Sismondi's wandering around the question of productive and personal consumption, of articles of consumption and means of production (Adam Smith got even nearer to distinguishing between them than Sismondi). We wanted to show the reader that the *classical* representatives of this fallacious theory *felt* that it was unsatisfactory, saw the contradiction in it, and made attempts to get out of it. But our "exceptionalist" theoreticians not only see nothing and feel nothing, but are ignorant of both the theory and the history of the question they spout about so zealously.



(constant capital), for the other two parts constitute the fund for consumption of the workers and capitalists who produce articles of consumption. By realizing the surplus value and wages of industries which produce means of production, this exchange thereby realizes the constant capital of the industries which produce articles of consumption. Indeed, for the capitalist who manufactures, say, sugar, the part of the product, which is to replace constant capital (i.e., raw materials, auxiliary materials, machines, premises, etc.), exists in the form of *sugar*. To realize this part, he must receive for this article of consumption corresponding *means of production*. The realization of this part will therefore take place by the exchange of an *article of consumption* for products which serve as *means of production*. Now the realization of only one part of the social product remains unexplained, namely, the constant capital in the division which manufactures means of production. This is realized partly by putting part of the product in its natural form back again into production (for example, part of the coal obtained from a colliery is used to obtain more coal, the grain which farmers obtain is used for seed, and so forth); and partly by exchange between individual capitalists in the same division: for example, coal is needed for the production of iron and iron is needed for the production of coal. The capitalists who

produce these two products realize by mutual exchange that part of their respective products which replaces their constant capital.

This analysis (which, we repeat, we have summarized in the most condensed form for the reason given above) solved the difficulty which all the economists felt when they formulated it in the sentence: "the capital of one is the revenue of another." This analysis revealed the utter fallacy of reducing social production solely to individual consumption.

We can now proceed to examine the conclusions which Sismondi (and the other romanticists) drew from their fallacious theory. But first we will quote the opinion of Sismondi that was expressed by the author of the above analysis, after a most detailed and comprehensive examination of Adam Smith's theory to which Sismondi added absolutely nothing, but merely left out Adam Smith's attempt to justify his contradiction:

"Sismondi, who occupies himself especially with the relation of capital and revenue, and makes the peculiar formulation of this relation the differentia specifica of his *Nouveaux Principes*, did not say *one* scientific word (author's italics), did not contribute one atom toward a clarification of this problem" (*Das Kapital*, II, S. 385, 1 te Auflage).<sup>7</sup>

## V

### ACCUMULATION IN CAPITALIST SOCIETY

The first fallacious conclusion from the fallacious theory relates to accumulation. Sismondi utterly failed to understand capitalist accumulation, and in his heated controversy on this subject with Ricardo truth was really on the side of the latter. Ricardo asserted that production creates a market for itself, whereas Sismondi denied this, and out of this denial he built up his theory of crises. True, Ricardo was also unable to rectify the above mentioned fundamental mistake of Adam Smith, and, therefore, was unable to solve the problem of the relation of social capital to revenue and of the realization of the product (nor did he set himself these problems); but he instinctively characterized the quintessence of the bourgeois mode of production by noting the absolutely indisputable fact that accumulation is the excess of production over revenue. The modern analysis shows that this is precisely the case. Production does indeed create a market for itself: production needs means of production, and they constitute a special branch of social production, which engages a certain section of the workers, and produces a special product, which is realized partly within this branch and partly by exchange with the other branch, which produces articles of consumption. Accumulation is indeed the excess

of production over revenue (articles of consumption). To expand production (to "accumulate" in the categorical meaning of the term) it is first of all necessary to produce means of production,\* and for this it is consequently necessary to enlarge that department of social production which manufactures means of production, it is necessary to *draw into it* workers who then *create a demand for articles of consumption*. Hence, "consumption" develops *after* "accumulation," or *after* "production"; strange though it may seem, it can not be otherwise in capitalist society. Hence, proportion is not essential in the development of these two departments of capitalist production, on the contrary, disproportion is inevitable. It is well known that the law of development of capital is that constant capital grows faster than variable capital, that is to say, an ever larger share of the newly formed capital is turned into that department of the social economy which produces means of production. Hence, this department necessarily grows faster than the department which manufactures articles of consumption, i.e., precisely that process takes place which Sismondi

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\* We shall remind the reader how Sismondi approached this by distinctly singling out these means of production for an individual family and trying to apply this to the whole of society. Properly speaking, it was Smith who "approached" and not Sismondi, who only related what Smith said.

declared to be "impossible," "dangerous," etc. Hence, the production of articles for individual consumption occupies an ever diminishing place in the total mass of capitalist production. And this fully corresponds to capitalism's historic "mission" and its specific social structure: the former is to develop the productive forces of society (production for production); the latter precludes their utilization by the mass of the population.

We can now fully appraise Sismondi's view of accumulation. His assertion that *rapid* accumulation leads to disaster is absolutely wrong and is prompted solely by his failure to understand accumulation, as are his repeated statements and demands that production must not outstrip consumption because consumption determines production. Actually, the opposite is the case, and Sismondi simply turns his back on reality in its specific, historically determined form and substitutes petty bourgeois moralizing for an analysis. Particularly amusing are Sismondi's attempts to clothe this moralizing in a "scientific" formula. "Messieurs Say and Ricardo," he says in his preface to the second edition of *Nouveaux Principes*, "arrived at the doctrine . . . that consumption has no other limits except the limits of production; actually, however, it is limited by revenue. . . . They should have warned producers that they must count only on consumers who get

revenue (I, XIII).\* Nowadays, such naïveté only raises a smile. But are not the writings of our contemporary romanticists, like Messrs. V. V. and N. —on, replete with the same sort of things? “Let the banking entrepreneurs ponder well” ... over the question as to whether a market can be found for the commodities (II, 101-102). “When it is assumed that the aim of society is to increase wealth, the aim is always sacrificed for the means” (II, 140). “If, instead of expecting an impetus from the demand created by labour (i.e., an impetus to production from the workers’ demand for products), we expect it to come from preceding production, we shall be doing almost the same thing as we would do to a clock if, instead of turning back the wheel that carries the chain (la roue qui porte la chaînette) we turn back another wheel—we would thereby break and stop the whole machine” (II, 454). This is what Sismondi says. Let us now hear what Mr. Nikolai —on has to say. “We have lost sight of the factors due to which this development (i.e., the development of capitalism) is taking place; we have also forgotten the aim of all production

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\* As is well known, on this question (as to whether production creates a market for itself) the modern theory fully agrees with the classical economists who answered this question in the affirmative, in opposition to romanticism, which answered it in the negative. “*The real barrier of capitalist production is capital itself*” (*Das Kapital*, III, I, 231).<sup>8</sup>

... an extremely fatal blunder...." (N. —on *Essays On Our Postreform Social Economy*, 298.) Both these authors talk about capitalism, about capitalist countries; both reveal their utter failure to understand the substance of capitalist accumulation. But would one believe that the latter is writing seventy years after the former?

How failure to understand capitalist accumulation is linked up with the error of reducing all production to the production of articles of consumption is vividly demonstrated by an example which Sismondi quotes in chapter VIII: "The Results of the Struggle to Cheapen Production" (Book IV: *Of Commercial Wealth*).

Let us assume, says Sismondi, that the owner of a manufactory has a circulating capital of 100,000 francs, which brings him 15,000, of which 6,000 represent interest on capital which is paid to the capitalist, and 9,000 constitute the entrepreneur's profit of the manufacturer. Let us assume that he employs the labour of 100 workers, whose wages total 30,000 francs. Further, let there be an increase in capital, an expansion of production ("accumulation"). Instead of 100,000 francs the capital will be: 200,000 francs invested in fixed capital and 200,000 francs in circulating capital, making a total of 400,000 francs; profit and interest will amount to 32,000 plus 16,000 francs, for the rate of interest has dropped from 6

per cent to 4 per cent. The number of workers employed has doubled, but wages have dropped from 300 francs to 200 francs, hence, making a total of 40,000 francs. Thus, production has grown fourfold \* And Sismondi counts up the results. "revenue," or "consumption," in the first case amounted to 45,000 francs (30,000 wages plus 6,000 interest plus 9,000 profit); it is now 88,000 francs (40,000 wages plus 16,000 interest plus 32,000 profit). "Production has increased fourfold," says Sismondi, "but consumption has not even doubled. *We must not count the consumption of those workers who made the machines. It is covered by the 200,000 francs which have been used for this purpose; it is already included in the accounts of another manufactory, where the facts will turn out to be the same*" (I, 405 406).

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\* "The first result of competition," says Sismondi, "is a reduction in wages and at the same time an increase in the number of workers" (I, 403). We shall not dwell here on Sismondi's wrong calculation: he calculates, for example, that profit will be 8 per cent on fixed capital and 8 per cent on circulating capital, that the number of workers rises in proportion to the increase of circulating capital (which he cannot properly distinguish from variable capital), and that fixed capital goes entirely into the price of the product. In the present case all this is unimportant, because the conclusion arrived at is correct: a diminution in the share of variable capital in the total capital as a necessary result of accumulation.



Sismondi's calculation shows a diminution of revenue with increase in production. The fact is indisputable. But Sismondi fails to note that the example he gives defeats his own theory of the realization of the product in capitalist society. Curious is his observation that the consumption of the workers who make machines "should not be counted." Why not? Because, firstly, it is *covered* by the 200,000 francs. Thus, capital is transferred to the department which manufactures *means of production* this Sismondi fails to see. Hence, the "home market," which "shrinks," as Sismondi says, does not consist solely of articles of consumption, but also of *means of production*. These means of production constitute a special product which is *not* "realized" by *individual consumption*; and the more rapidly accumulation proceeds the more intense, consequently, is the development of that department of capitalist production which manufactures products not for individual but for productive consumption. Secondly, answers Sismondi, it is the workers of the other manufactory, where the facts will turn out to be the same (où les mêmes faits pourront se représenter). As you see, Sismondi repeats Adam Smith in sending the reader "from Pontius to Pilate." But this "other manufactory" also consumes *constant capital*, and its production also provides a market for that department of capitalist production which manufactures means of pro-

duction! However much we may shift the question from one capitalist to another, and then to a third this department does not disappear, and the "home market" does not reduce it self solely to articles of consumption. Therefore, when Sismondi says that "this calculation refutes . . . one of the axioms that has been most insisted upon in political economy, namely, that the freer competition is, the more profitable is the development of industry" (I, 407), he fails to see that "this calculation" also refutes what he himself says. The fact that by displacing workers the introduction of machines worsens their conditions cannot be disputed; and it is indisputably to Sismondi's credit that he was one of the first to point to this. But this does not prevent his theory of accumulation and of the home market from being utterly wrong. His own calculation vividly demonstrates the very phenomenon, which Sismondi not only denied, but even converted into an argument against capitalism, when he said that accumulation and production must correspond to consumption, otherwise a crisis will ensue. His calculation shows, precisely, that accumulation and production *exceed* consumption; and it cannot be otherwise, for it is mainly means of production that are accumulated, and these do not enter into "consumption." What seemed to Sismondi to be simply an error, a contradiction in Ricardo's doctrine—namely, that ac

cumulation is excess of production over revenue—is actually in perfect harmony with the facts and expresses the contradiction that is inherent in capitalism. This excess is *necessary* for all accumulation, which opens a new market *for means of production without a corresponding expansion of the market for articles of consumption, and even with the shrinking of this market.*\* Furthermore, in rejecting the doctrine concerning the advantages of free competition, Sismondi fails to observe that, together with groundless optimism, he throws overboard what is an unquestionable truth, namely, that free competition *develops the productive forces of society*, as is again evident from his own calculation. (Properly speaking, this is only another way of expressing the same fact of the creation of a special department of industry which manufactures means of production, and the particularly rapid development of this department.) This development of the productive forces of society without a corresponding development of consumption is, of course, a contradiction, but a contradiction which exists in reality, which springs from the very nature of capitalism, and

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\* From the above analysis it automatically follows that such a situation is possible, depending upon the proportion in which the new capital is divided up into a constant and a variable part, and the extent to which the diminution of the relative share of the variable capital affects the old industries.

which cannot be brushed aside by means of sentimental phrases.

But this is exactly the way the romanticists try to brush it aside. And to give the reader no grounds for suspecting that we are levelling unsupported charges against present day economists in connection with the mistakes of such an "obsolete" author like Sismondi, we shall quote a slight example of the writings of that "modern" author Mr. N. —on. On page 242 of his *Essays* he discusses the development of capitalism in the Russian flour milling industry. Referring to the appearance of large steam flour mills with improved implements of production (since the seventies about one hundred million rubles have been spent on reconstructing the flour mills) and with a more than twofold increase in the productivity of labour, the author characterizes this phenomenon as follows: "the flour milling industry did not develop, it merely became concentrated in large enterprises"; he then applies this characterization to *all* branches of industry (p. 243) and draws the conclusion that "in all cases without exception, a mass of workers are displaced and find no employment" (p. 243), and that "capitalist production developed at the expense of people's consumption" (p. 241). We ask the reader: does this argument differ in any way from Sismondi's argument that we have just quoted? This "modern" author registers two facts, the very same facts

which, as we saw, were quoted by Sismondi, and brushes both these facts aside with exactly the same sentimental phrase. Firstly, the example he quotes shows that the development of capitalism proceeds precisely as the development of means of production. This means that capitalism does develop the productive forces of society. Secondly, his example shows that this development is proceeding along that specific road of contradictions that is characteristic of capitalism: there is a development of production (an expenditure of one hundred million rubles which forms the home market for products that are realized by nonindividual consumption) without a corresponding development of consumption (a deterioration in the people's means of subsistence), i.e., we have, precisely, production for the sake of production. And Mr. N.—on thinks that this contradiction will vanish from life if he, with old Sismondi's naïveté, presents it merely as a contradiction in the doctrine, merely as “a fatal blunder”: “we have forgotten the aim of production”!! What can be more characteristic than the phrase: “has not developed—has *merely* become concentrated”? Evidently, Mr. N —on knows of a capitalism in which development *could proceed otherwise* than by *concentration*. It is a pity that he has not introduced us to this “exceptional!” capitalism, which was unknown to all the political economists who preceded him!

## **VI**

### **THE FOREIGN MARKET AS THE "WAY OUT OF THE DIFFICULTY" OF REALIZING SURPLUS VALUE**

Sismondi's next mistake, which springs from his fallacious theory concerning social revenue and the product in capitalist society, is his doctrine that the product in general, and surplus value in particular, cannot be realized and that, as a consequence, it is necessary to find a foreign market. As regards the realization of the product in general, the foregoing analysis shows that the "cannot" is due entirely to the erroneous exclusion of constant capital and means of production. Once this error is corrected, the "cannot" vanishes. The same must be also said about surplus value in particular: this analysis explains that it too is realizable. There are no reasonable grounds whatever for separating surplus value from the total product as far as realization is concerned. Sismondi's (and our Narodniks') assertion to the contrary is simply due to failure to understand the fundamental laws of realization in general, their inability to divide the product into three (and not two) parts as regards value and into two kinds as regards material form (means of production and articles of consumption). The proposition that the capitalists cannot consume surplus value is merely a vulgar repetition of Adam Smith's perplexity regarding

realization in general. Only *part* of surplus value consists of articles of consumption; the other part consists of means of production (for example, the surplus value obtained by an ironmaster). The "consumption" of *this latter* form of surplus value is brought about by *turning it to production*; the capitalists who manufacture products in the shape of means of production consume not surplus value, but *constant capital* obtained by exchange with other capitalists. Hence, the Narodniks too, in arguing that surplus value cannot be realized ought logically to admit that constant *capital* also cannot be realized and in this way they would safely return to Adam. . . . It goes without saying that such a return to the "father of political economy" would be a gigantic step forward for writers who present us with old blunders in the guise of truths which they have arrived at "by their own mental efforts." . . .

But what about the foreign market? Do we deny that capitalism needs a foreign market? Of course not. But the question of a foreign market has *absolutely nothing to do with the question of realization*, and the attempt to link them into one whole merely expresses the romantic wish to "retard" capitalism, and the romantic inability to think logically. The theory which has explained the question of realization has proved this up to the hilt. The romanticists say: the capitalists cannot consume surplus value and therefore must

dispose of it abroad. The question is: do the capitalists give their products to foreigners gratis, or do they throw them into the sea? They sell them—hence, they receive an equivalent; they export certain kinds of products—hence, they import others. If we speak of the realization of the social product we thereby exclude the circulation of money and assume only the exchange of products for products, for the solution of the problem of realization will be found by analyzing the *replacement* of all parts of the social product in value and in material form. Hence, to commence the argument about realization and to end it by saying that they “sell the products for money” is as ridiculous as saying, in answer to the question about realizing constant capital in the shape of articles of consumption: “they will sell.” This is simply a gross logical blunder: people slip from the question of the realization of the entire social product to the point of view of the individual entrepreneur, who has no other interest than that of “selling to the foreigner.” To link foreign trade, exports, with the question of realization means evading the question, *shifting* it to a wider field, *but not clearing it up in the least*.\* The question of realization

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\* This is so clear that even Sismondi was conscious of the necessity of disregarding foreign trade in analyzing realization. “To trace these calculations more exactly,” he says concerning the point about production corresponding to consumption, “and to simplify the question,



will not be made one iota clearer if, instead of the market of one country, we take the market of a certain group of countries. When the Narodniks assert that the foreign market is "the way out of the difficulty"\* which capitalism creates for itself in the realization of the product, they, by means of this phrase, merely cover up the sad fact that for them "the foreign market" is "a way out of the difficulty" in which they find themselves owing to their failure to understand theory.... Not only that. The theory which links the foreign market with the question of the realization of the total social product not only reveals a failure to understand this realization, but also, in addition, reveals an *extremely superficial understanding of the contradictions that are inherent in this realization*. "The workers will consume wages, but the capitalists cannot consume surplus value." Ponder over this "theory" from the foreign market point of view. How do we know that "the workers will consume wages"? What grounds have we for thinking that the products which the entire capitalist class of a given country intended for the consumption of all the workers of that country are

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we have up to now totally abstracted ourselves from foreign trade; we have presupposed an isolated nation; human society itself is such an isolated nation, and whatever relates to a nation without foreign trade relates in exactly the same way to the whole of the human race" (i, 115)

\* N. —on, p. 205.

really *equal in value to their wages* and will replace them, that there will be no need for a foreign market for *these* products? We have absolutely no grounds for thinking so, and actually it is not the case. Not only the products (or part of the products) which replace surplus value, but also products which replace variable capital; not only products which replace variable capital, but also products which replace constant capital (which our "economists," who forget their kinship . . . with Adam, are oblivious to); not only products in the shape of articles of consumption but also products in the shape of means of production—are all realized amidst "difficulties," amidst continuous fluctuations, which become more and more violent as capitalism grows, amidst fierce competition, which *compels* every entrepreneur to strive to expand production beyond all limits, to go beyond the borders of the given country and to set out in quest of new markets in countries which have not yet been drawn into the sphere of capitalist commodity circulation. This brings us to the question as to why a capitalist country needs a foreign market. It is by no means because the product in general cannot be realized under the capitalist system. That is nonsense. A foreign market is needed because it is *within the nature* of capitalist production to strive to expand *beyond all limits* unlike all the old modes of production, which were limited to

the community, to the domain, to the tribe, to a territorial area, or state. Under all previous economic systems production was every time resumed in the same form and in the same dimensions in which it had been conducted before; under the capitalist system, however, this resumption in the same form becomes *impossible*, and *unlimited* expansion, constant progress, becomes the law of production.\*

Thus, different understandings of realization (or to be more exact, the understanding of it on the one hand, and the total failure to understand it by the romanticists on the other), lead to two diametrically opposite views of the importance of the foreign market. For some (the romanticists), the foreign market is an indication of the "difficulty" which capitalism *places in the way* of social development. For others, on the contrary, the foreign market shows how capitalism *removes* from the path of social development those difficulties which history has created in the form of various barriers—communal, tribal, territorial and national.\*\*

As you see, the difference is only one of "point of view."... Yes, "only"! The difference be-

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\* Cf. Sieber, *David Ricardo, etc.*, St. Petersburg 1885, p. 466, footnote.

\*\* See later on: *Rede über die Frage des Freihandels* (Karl Marx, *Speech on Free Trade.*—Ed.)

tween the romanticist judges of capitalism and the others is, in general, "only" one of "point of view," "only" in that some judge from the rear, while the others judge from the front, some from the point of view of the system which capitalism is destroying, the others from the point of view of the system which capitalism is creating \*

The romanticists' wrong conception of the foreign market usually goes hand in hand with references to the "specific features" of the international position of capitalism in a given country, to the impossibility of finding markets, etc.; the object of all these arguments is to "dissuade" the capitalists from seeking foreign markets. Incidentally, in saying "references," we are not being exact, for actually the romanticist does not give us an analysis of the country's foreign trade, of its progress in the sphere of foreign markets, its colonization, etc. He is not in the least interested in studying the actual process and in explaining it; all he wants is to *moralize against this process*. To convince the reader of the complete identity between this moralizing of present day Russian romanticists and that of the French ro

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\* I am speaking here only of the appraisal of capitalism and not of an understanding of it. In the latter respect the romanticists, as we have seen, stand no higher than the classical economists.

manticist we will quote an example of the latter's argument. We have already seen how Sismondi warned the capitalists that they would not be able to find a market. But this is not all he said. He also said that "the world market is already sufficiently supplied" (II, 328) and argued that it was impossible to proceed along the road of capitalism, that it was necessary to choose another road.... He assured the English entrepreneurs that capitalism cannot find employment for all the agricultural labourers who are displaced by commercial farming (I, 255-256). "Will those to whom the agriculturists are sacrificed benefit by it? Are not the agriculturists the nearest and most reliable consumers of English manufactures? The cessation of their consumption would strike industry a blow more fatal than the closing of one of the biggest foreign markets" (I, 256). He assured the English farmers that they would be unable to withstand the competition of the poor Polish peasants, whose grain costs them almost nothing (II, 257) and that they were menaced by the even more frightful competition of Russian grain from the Black Sea ports. He exclaimed: "The Americans are following the new principle: to produce without calculating the market (*produire sans calculer le marché*) and to produce as much as possible," and now we have "the characteristic feature of the United States' trade, from one end of the country to the other—an excess of com-

modities of every kind over what is needed for consumption. . . . Continuous bankruptcies are the result of this excess of commercial capital which cannot be exchanged for revenue" (I, 455-456). Good Sismondi! What would he have to say about present-day America—about the America that has developed so enormously, thanks to the very "home market" which, according to the romanticists' theory, should have "shrunk"!

## VII CRISES

Sismondi's third erroneous deduction from Adam Smith's fallacious theory, which he borrowed, is the theory of crises. Sismondi's view that accumulation (the growth of production in general) is determined by consumption, and his wrong interpretation of the realization of the total social product (reduced to the workers' and the capitalists' share of revenue) naturally and inevitably led to the doctrine that crises are due to the discrepancy between production and consumption. Sismondi fully shared this theory. It was taken over also by Rodbertus, who formulated it in a slightly different way: his explanation of crises was that with the growth of production the workers' share of the product diminishes and, like Adam Smith, wrongly divided the total social product into wages and "rent" (according to his

terminology "rent" is surplus value, i.e., profit and ground rent together). The scientific analysis of accumulation in capitalist society\* and of the realization of the product sapped all the foundations of this theory and also pointed out that it is precisely in the periods which precede crises that the workers' consumption rises, that underconsumption (to which crises are alleged to be due) existed under the most diverse economic systems, whereas crises are the distinguishing feature only of one economic system—the capitalist system. This theory attributes crises to another contradiction, namely, the contradiction between the social character of production (socialized by capitalism) and the private, individual mode of appropriation. The profound difference between these theories would seem to be self-evident, but we must deal with it in greater detail because it is precisely the Russian followers of Sismondi who try to *obliterate* this difference and to confuse the issue. The two theories of crises of which we are speaking give

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\* Connected with the doctrine that the total product in capitalist society consists of two parts is the erroneous conception of "accumulation of individual capital" held by Adam Smith and of the later economists. It was they who taught that the accumulated part of profit is spent entirely on wages, whereas actually it is spent on 1) constant capital, and 2) wages. Sismondi repeated this mistake of the classical economists as well.

totally different explanations of them. The first theory attributes crises to the contradiction between production and consumption by the working class; the second attributes them to the contradiction between the social character of production and the private character of appropriation. Consequently, the former sees the root of the phenomenon *outside of* production, (hence, for example, Sismondi's general attacks on the classical economists for ignoring consumption and devoting their attention exclusively to production); the latter sees it precisely in the conditions of production. To put it more briefly, the former attributes crises to underconsumption (Unterkonsumtion), the latter attributes it to the anarchy of production. Thus, while both theories attribute crises to the *contradiction* inherent in the economic system itself, they differ entirely on the point of the nature of this contradiction. But the question is: does the second theory deny the contradiction between production and consumption, does it deny the existence of underconsumption? *Of course not.* It fully recognizes this fact, but puts it in its proper, subordinate, place as a fact that relates only to one of the departments of capitalist production taken as a whole. It teaches that this fact cannot explain crises, which are called forth by another, more profound, the fundamental contradiction in the present economic system, namely, the contradiction between the social



character of production and the private character of appropriation. What, then, should be said about those who, while, in fact, adhering to the first mentioned theory, cover this up with references to the fact that the representatives of the second theory point to the contradiction between production and consumption? Obviously, these people have not *pondered over* the essence of the difference between the two theories, and do not properly understand the second theory. Among these people is, for example, Mr N. —on (not to speak of Mr. V. V.). That they are followers of Sismondi has already been indicated in our literature by Mr. Tugaň Baranovsky (*Industrial Crises*, p. 477, with the strange reservation relative to Mr. N. —on: "evidently". But in talking about "the shrinking of the home market" and "the decline in the nation's consuming capacity" (the central points of his views), Mr. N. —on, nevertheless, refers to the representatives of the second theory who point to the contradiction between production and consumption, to underconsumption. It goes without saying that references like these only serve to reveal the ability, characteristic of this author, to cite inappropriate quotations and nothing more. For example, all readers who are familiar with his *Essays* will, of course, remember his "citation" of the passage where it says that "the labourers as buyers of commodities are important for the market. But as sellers of

their own commodity—labour power—capitalist society tends to depress them to the lowest price" (*Essays*, p. 178) and they will also remember that Mr. N. —on wanted to deduce from this both "the shrinking of the home market" (*ibid.*, p. 203 and others) and crises (p. 298 and others). But while quoting this passage (which proves nothing, as we have explained), our author *leaves out the end* of the footnote from which this passage was taken. This citation was from a *note inserted in the manuscript* of Part II of Volume II of *Capital*. It was inserted "for future elaboration" and the publisher of the manuscript put it in a footnote. *After the words quoted above, this note goes on to say: "However, all this belongs entirely to the next part,"*\* i.e., to the third part. What is this third part? It is precisely the part which contains a criticism of Adam Smith's theory of the two parts of the total social product (together with the above-quoted opinion about Sismondi), and an analysis of "the reproduction and circulation of the aggregate social capital," i.e., the realization of the product. Thus, in confirmation of his views, which are a repetition of Sismondi's, our author quotes a note that relates "entirely to the part" which refutes Sismondi: "entirely to the part" in which it is shown that the capitalists *can* realize surplus value, and that to introduce

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\* *Das Kapital*, II. Band, S. 304\* Our italics

foreign trade in an analysis of realization is absurd....

Another attempt to obliterate the difference between the two theories and to defend the old romanticist junk by means of references to the modern theories is made by Ephruci in his essay. Ephruci expounds Sismondi's theory of crises and shows that it is fallacious (*Russkoye Bogatstvo* No. 7, p. 162); but he does so in an extremely hazy and contradictory way. On the one hand, he repeats the arguments of the opposite theory and says that national demand is not limited to articles of direct consumption. On the other hand, he asserts that Sismondi's explanation of crises "points to only one of the numerous circumstances which hinder the distribution of the national product in conformity with the demand of the population and with its purchasing power." Thus, the reader is invited to think that the cause of crises lies precisely in "distribution" and that Sismondi's mistake lay only in that he did not point to all the causes which hinder this distribution! But this is not the main thing.... "Sismondi," says Ephruci, "did not confine himself to the above-mentioned explanation. Already in the first edition of *Nouveaux Principes* we find a highly enlightening chapter entitled 'De la connaissance du marché.'\* In this chapter Sismondi reveals to us

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\* "Of Knowledge of the Market."—*Ed.*

the main cause of the disturbance of the balance between production and consumption (note this!) with a clarity that we find only among a few economists" (ibid.). And quoting the passages in which Sismondi says that the manufacturer cannot know the market, Ephruci says: "Engels says almost the same thing" (p. 163), and follows this up with a quotation saying that the manufacturer cannot know the demand. Then, quoting some more passages about "other obstacles to the establishment of a balance between production and consumption" (p. 164.), Ephruci assures us that "these give us that very explanation of crises which is progressively becoming the predominant one"! Nay more: Ephruci is of the opinion that "on the question of the causes of crises in the national economy, we have every right to regard Sismondi as the founder of those views which were subsequently developed more consistently and more clearly" (p. 168).

But by all this Ephruci betrays a complete failure to understand the issue! What are crises? Overproduction, the production of commodities which cannot be realized, for which there is no demand. If there is no demand for commodities, it shows that the manufacturer did not know the demand when he produced them. The question is: does pointing to this condition which makes crises possible mean explaining the cause of crises? Did not Ephruci understand the difference between

pointing to the possibility of a phenomenon and explaining its inevitability? Sismondi says: crises are possible because the manufacturer does not know the demand; they are inevitable because under the capitalist mode of production there can be no balance between production and consumption (i.e., the product cannot be realized). Engels says: crises are possible because the manufacturer does not know the demand; they are inevitable, but not by any means because the product cannot be realized in general. This is not so: the product can be realized. Crises are inevitable because the collective character of production comes into conflict with the individual character of appropriation. And yet we find an economist who assures us that Engels says "almost the same thing"; that Sismondi "explains the cause of crises in the same way"! "I am therefore surprised," writes Ephrussi, "that Mr. Tugan Baranovsky . . . lost sight of this most important and valuable point in Sismondi's doctrine" (p. 168). But Mr. Tugan Baranovsky did not lose sight of anything.\* On the contrary, he pointed very defi-

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\* In *The Development of Capitalism* (pp. 16 and 19) (cf. V. I. Lenin, *Collected Works*, Fourth Russ. ed., Vol. 3, Chap. I, Section VI.—Ed.) I already noted the inexactitudes and errors of which Mr. Tugan Baranovsky was guilty, and which, subsequently, brought him over completely to the camp of the bourgeois economists. (Author's footnote to the 1908 edition.—Ed.)

nitely to the fundamental contradiction to which the new theory reduces the issue (p. 455 and others), and explained the importance of Sismondi, who was the first to point to the contradiction which reveals itself in crises, but was unable to give it a correct explanation (p. 457: Sismondi, before Engels, pointed to the fact that crises spring from the present day organization of the national economy; p. 491: Sismondi explained the conditions which make crises possible, but "not every possibility becomes a fact"). Ephrussi, however, utterly failed to understand this, and after lumping everything together he is "surprised" at the confusion into which he has landed! "True," says the economist of *Russkoye Bogatstvo*, "we do not find that Sismondi uses the terms which have now received universal right of citizenship, such as 'anarchy of production,' 'planless production' (Planlosigkeit); but the substance behind these terms is quite clearly noted in his works" (p. 168). With what ease the modern romanticist restores the romanticist of days gone by! The question is reduced to one of a difference in terms! Actually, however, the question reduces itself to the fact that Ephrussi fails to understand the meaning of the terms he repeats. "Anarchy of production," "planless production"—what do these terms tell us? They tell us about the contradiction between the social character of production and the individual character of appropriation. And we ask

every one who is familiar with the economic literature which we are examining: did Sismondi, or Rodbertus, recognize this contradiction? Did they deduce crises from this contradiction? No, they did not, and could not do so, because *neither of them understood this contradiction at all*. The very idea that the critique of capitalism cannot be based on phrases about universal prosperity,\* or about the fallacy of "circulation left to itself,"\*\* but must be based on the character of the evolution of relationships in production, was absolutely alien to them.

We fully understand why our Russian romanticists exert all efforts to obliterate the difference between the two theories of crises we have mentioned. It is because the theories mentioned are most directly and most closely linked with fundamental differences on the attitude towards capitalism. Indeed, if we attribute crises to the impos-

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\* Cf. Sismondi, l. c., I, 8.

\*\* Rodbertus. We shall mention, in passing, that Bernstein, who, in general, is restoring the prejudices of bourgeois political economy, introduced confusion into this question too by asserting that Marx's theory of crises does not differ very much from that of Rodbertus (*Die Voraussetzungen* etc., Stuttg 1899, S 67) (E. Bernstein, *The Premises of Socialism and the Tasks of the Social Democrats*, Stuttgart, 1899, p. 67 Ed.), and that Marx contradicts himself by stating that the ultimate cause of crises is the limited consumption of the masses (Author's footnote to the 1908 edition.—Ed.)

sibility of realizing the product, to the contradiction between production and consumption, we are thereby led to deny the reality, the fitness of the road along which capitalism is proceeding; we proclaim that this road is a "false one," and go out in quest of "other roads." In deducing crises from this contradiction we must think that the further it develops *the more difficult* will be the way out of this contradiction. And we have seen how Sismondi, with the utmost naïveté, expressed precisely this opinion when he said that if capital accumulates slowly it is still bearable; but if it accumulates rapidly, it becomes unbearable. On the other hand, if we attribute crises to the contradiction between the social character of production and the individual character of appropriation, we thereby recognize that the capitalist road is real and progressive and reject attempts to find "other roads" as nonsensical romanticism. We thereby recognize that the further this contradiction develops the *easier* will be the way out of it, and that the way out is provided precisely by the development of this system.

As the reader sees, here, too, we meet with a difference in "points of view."...

It is quite natural that our romanticists should seek theoretical confirmation of their views. It is quite natural that their quest should lead them to the old junk which Western Europe has discarded long, long ago. It is quite natural that,



feeling that this is the case, they should try to renovate this junk, now by actually embellishing the romanticists of Western Europe, and now by smuggling in romanticism under the flag of inappropriate and garbled citations. But they are profoundly mistaken if they think that this sort of smuggling will remain unexposed.

With this we bring our exposition of Sismondi's *chief* theoretical doctrine, and of the chief theoretical conclusions he deduced from it, to a close; but we must make a slight addition, again relating to Ephrasy. In his second essay on Sismondi (a continuation of the first), he says: "Still more interesting (compared with the doctrine on revenue from capital) are Sismondi's views on the different kinds of revenue" (*Russkoye Bogatstvo* No. 8, p. 42). Sismondi, he says, like Rodbertus, divides the national revenue into two parts: "one goes to the owners of the land and implements of production, the other goes to the representatives of labour" (*ibid.*). Then follow passages in which Sismondi speaks of such a division, not only of the national revenue, but of the total product: "The annual product, or the result of all the work done by the nation in the course of the year, also consists of two parts," and so forth (*Nouveaux Principes*, I, 105, quoted in *Russkoye Bogatstvo* No. 8, p. 43). "The passages we have quoted," concludes our economist, "clearly

show that Sismondi fully assimilated (!) the very same classification of the national revenue which plays such an important role in the works of the modern economists, namely, the division of the national revenue into revenue based on labour and on labourless revenue—*arbeitsloses Einkommen*. Although, generally speaking, Sismondi's views on the subject of revenue are not always clear and definite, nevertheless we discern in them a consciousness of the difference that exists between private revenue and national revenue" (p. 43).

The passage quoted, say we in answer to this, clearly shows that Ephrussi fully assimilated the wisdom of the German textbooks, but in spite of that (and, perhaps, precisely because of it), he completely overlooked the theoretical difficulty of the question of national revenue as distinct from private revenue. Ephrussi expresses himself very carelessly. We have seen that in the first part of his essay he applied the term "modern economists" to the theoreticians of one definite school. The reader would be right in thinking that he was speaking of them this time too. Actually, however, the author has something entirely different in mind. It is now the German Katheder Socialists who figure as the modern economists. The author defends Sismondi by claiming that his theory comes close to theirs. What is the theory of these "modern" authorities that Ephrussi quotes?

That the national revenue is divided into two parts.

But this is the theory of Adam Smith and not of the "modern economists"! In dividing revenue into wages, profit and rent (Book I, Chap. VI of *The Wealth of Nations*; Book II, Chap. II), Adam Smith opposes the two latter to the former precisely as labourless revenue; he calls them both deductions from the produce of labour (Book I, Chap. VIII) and challenges the opinion that profit is also wages for a special kind of labour (Book I, Chap. VI). Sismondi, Rodbertus and the "modern" authors of the German textbooks simply repeat this doctrine of Smith's. The only difference between them is that Adam Smith was aware that he was not quite succeeding in his efforts to separate the national revenue from the national product; he was aware that by excluding constant capital (to use the modern term) from the national product after having included it in the individual product, he was slipping into a contradiction. The "modern" economists, however, in repeating Adam Smith's mistake, merely clothed his doctrine in a more pompous phrase ("classification of the national revenue") and lost the awareness of the contradiction at which Adam Smith had halted. These methods may be scholarly, but they are not in the least scientific.

## VIII

### CAPITALIST RENT AND CAPITALIST OVERPOPULATION

We shall continue our survey of Sismondi's theoretical views. All his chief views, those which distinguish him from all other economists, we have already examined. The others either do not play such an important role in his general theory, or are deduced from the preceding ones.

We shall note that Sismondi, like Rodbertus, did not agree with Ricardo's theory of rent. While not advancing a theory of his own, he tried to shake Ricardo's theory with arguments that were feeble, to say the least. He comes out here as the pure ideologist of the small peasant; he does not refute Ricardo so much as generally reject the application to agriculture of the categories of commodity production and of capitalism. In both respects his point of view is extremely characteristic of the romanticists. Chap. XIII of Book III\* deals

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\* His very mode of exposition is characteristic: Book III treats of "territorial wealth" (*richesse territoriale*), of wealth in the shape of land, i.e., of agriculture. The next book, Book IV, treats of "commercial wealth" (*de la richesse commerciale*), of industry and commerce. As if the produce of the land, and land itself, have not also become commodities under the rule of capitalism! For this reason, there is no harmony between these two books. Industry is dealt with only in its capitalist form as it existed in Sismondi's time. Agriculture, however, is de

with "Mr. Ricardo's ground rent theory." Stating at once that Ricardo's doctrine utterly contradicts his own theory, Sismondi advances the following objections: the general level of profit (on which Ricardo's theory is based) is never established, there is no free movement of capital in agriculture. In agriculture we must discern the intrinsic value of the product (*la valeur intrinsèque*), which does not depend upon the fluctuations of the market and provides the owner with a "net product" (*produit net*), the "labour of nature" (I, 306). "The labour of nature is a power, the source of the net product of the land looked at intrinsically" (*intrinsèquement*) (I, 310). "We regarded rent (*le fermage*), or more correctly, the net product, as originating directly from the land for the benefit of the owner; he takes no share either from the farmer or the consumer" (I, 312). And this repetition of the old physiocratic prejudices concludes with the moral: "In general, in political

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scribed in the form of a motley enumeration of all modes of exploiting the land: patriarchal exploitation, slave exploitation, the *metairie* system, *corvée*, quit rent, tenant farming and the emphyteutic system (the granting of land on a perpetual hereditary lease). The result is utter confusion: the author gives us neither a history of agriculture, for all these "systems" are not linked up with each other, nor an analysis of agriculture under the capitalist system of production, although the latter is the real subject of his work, and he speaks of industry only in its capitalist form.

economy, one should guard against (se défier) absolute assumptions, as well as against abstractions" (I, 312)! There is really nothing to examine in such a "theory"; one brief remark by Ricardo about the "labour of nature" is more than enough.\* It is simply an evasion of an analysis and a gigantic step back compared with Ricardo. Here, too, the romanticism of Sismondi, who hastens to condemn the process, but is afraid to touch it with an analysis, reveals itself with the fullest clarity. Note that he does not deny that agriculture is developing on capitalist lines in England, that the peasants there are being displaced by commercial farmers and day labourers, and that on the Continent things are developing in the same direction. He simply turns his back on these facts (which he was in duty bound to examine since he was discussing the capitalist

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\* Ricardo, *Works*, Sieber's (Russian) translation, p. 35: "Does nature do nothing for man in manufactures? Are the powers of wind and water, which move our machinery, and assist navigation, nothing? The pressure of the atmosphere and the elasticity of steam, which enable us to work the most stupendous engines are they not the gifts of nature? To say nothing of the effects of the matter of heat in softening and melting metals, of the decomposition of the atmosphere in the process of dyeing and fermentation. There is not a manufacture which can be mentioned, in which nature does not give her assistance to man, and give it too, generously and gratuitously"

mode of production) and preferred to talk sentimentally about the patriarchal system of exploiting the land being preferable to any other. Our Narodniks act in exactly the same way: none of them has ever attempted to deny the fact that commodity production is penetrating into agriculture, that it cannot fail to produce a radical change in the social character of agriculture; but at the same time none of them, in discussing the capitalist mode of production, raises the question of the growth of commercial farming, preferring to make shift with moralizing about "popular production." Since we are confining ourselves here to an analysis of Sismondi's theoretical political economy, we shall postpone a more detailed examination of this "patriarchal system of exploitation" to a later occasion.

Another theoretical point around which Sismondi's exposition revolves is the doctrine of population. We shall note Sismondi's attitude towards Malthus' theory, and towards the surplus population that is created by capitalism.

Ephrasy assures us that Sismondi agrees with Malthus only on the point that the population can increase with exceeding rapidity, and that this is the cause of extraordinary suffering. "Beyond this they are complete antipodes. Sismondi puts the whole population question on a socio-historical basis" (*Russkoye Bogatstvo* No 7, p. 148). In this formula too Ephrasy completely obscures

Sismondi's characteristic (namely, petty bourgeois) point of view and his romanticism.

What does "puts the population question on a socio historical basis" mean? It means studying the law of population of every system of economy in history separately, and studying its connection and interrelation with the given system. Which system did Sismondi study? The capitalist system. Thus, the contributor to *Russkoye Bogatstvo* assumes that Sismondi studied the capitalist law of population. In this assertion there is a modicum of truth, but only a *modicum*. And as Ephrussi did not think of investigating what Sismondi lacked in his argument about population, and as Ephrussi asserts that "here Sismondi is the predecessor of the most outstanding of the modern economists"\* (p. 148), the result is an embellishment of the petty-bourgeois romanticist exactly like that which we saw on the questions of crises and of national revenue. Wherein lies the similarity between Sismondi's theory and the new theory on these questions? In that Sismondi pointed to the contradictions that are inherent in capitalist accumulation. This similarity

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\* Incidentally, we make the reservation that we cannot know for certain who it is that Ephrussi has in mind when he speaks of "the most outstanding modern economist," the representative of a certain school which is absolutely alien to romanticism, or the author of the bulkiest Handbuch?



Ephrucus noted. Wherein lies the difference between Sismondi's theory and the new theory? Firstly, in that it did not one iota promote the scientific analysis of these contradictions, and in some respects even took a step back compared with the classical economists; and secondly, in that he covered up his own inability to make an analysis (partly his unwillingness to make an analysis) with petty-bourgeois moralizing about the necessity of balancing national revenue with expenditure, production with consumption, and so forth. This difference Ephrucus *did not note* on a single one of the points mentioned, and thereby presented Sismondi's importance and his relation to the modern theory in an entirely wrong light. We see exactly the same thing on the present question. Here, too, the similarity between Sismondi's theory and the modern theory is limited to the fact that both *point to the contradiction*. And here, too, the difference lies in the absence of a scientific analysis and in petty-bourgeois moralizing instead of such an analysis. We shall explain this.

The development of capitalist machine industry since the end of the last century led to the formation of a surplus population, and political economy was confronted with the task of explaining this phenomenon. Malthus, as is known, tried to explain it by attributing it to natural historical causes; he totally denied that it sprang from a

certain, historically determined system of social economy and completely shut his eyes to the contradictions that were revealed by this fact. Sismondi pointed to these contradictions and to the displacement of the population by machines. This is indisputably to his credit, for in the period in which he wrote this was new. But let us see what his attitude towards this fact was.

In Book VII (*On the Population*), chapter VII speaks particularly "of the population which has become superfluous owing to the invention of machines." Sismondi states that "machines displace men" (p. 315, II, VII), and at once asks whether the invention of machines is a boon or a bane to a nation. It goes without saying that the "answer" to this question for all countries and all times in general, and not for a capitalist country, is a piece of meaningless banality: a boon when "consumers' demand exceeds the means of production in the possession of the population" (*les moyens de produire de la population*) (II, 317), and a bane "when production is quite sufficient for consumption." In other words, Sismondi refers to this contradiction only as a pretext for arguing about some abstract society in which there are no longer any contradictions, and to which the ethics of the thrifty peasant can be applied! Sismondi makes no attempt to analyze this contradiction, to examine how it arises, what it leads to, etc., in present day capitalist society. No, he uses this

contradiction merely as material for his moral indignation against such a contradiction. Beyond this the chapter tells us absolutely nothing about this theoretical problem, and contains nothing but regrets, complaints and pious wishes. The displaced workers were consumers . . . the home market shrinks . . . as regards the foreign market, the world is already sufficiently supplied . . . the moderate sufficiency of the peasant would have been a better guarantee of a market . . . there is no more astonishing and horrifying example than England, who is being followed by the continental countries such is the moralizing we get from Sismondi instead of an analysis of the phenomenon! His attitude towards the subject is exactly the same as that of our Narodniks. The Narodniks also confine themselves to noting the existence of a surplus population, and utilize this fact merely as a pretext for lamentations and complaints about capitalism (cf. N. . . on, V. V. and others). Just as Sismondi makes no attempt even to analyze the relation between the requirements of capitalist production and this surplus population, so our Narodniks never even set themselves such a problem.

The utter fallaciousness of this method has been revealed by the scientific analysis of this contradiction. This analysis showed that the surplus population, being undoubtedly a contradiction (along with surplus production and surplus

consumption) and being an inevitable result of capitalist accumulation, is at the same time *an indispensable part* of the capitalist mechanism.\* The more large scale industry develops the greater is the fluctuation in the demand for workers, dependent upon whether there is a crisis or a boom in national production as a whole, or in any branch of it. This fluctuation is a law of capitalist production, which *could not exist* without

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\* As far as we know, this point of view on the surplus population was first expressed by Engels in *Die Lage der arbeitenden Klasse in England* (1845) (*The Condition of the Working-Class in England—Ed.*) After describing the ordinary industrial cycle of British industry the author says:

"From this it is clear that English manufacture must have, at all times save the brief periods of highest prosperity, an unemployed reserve army of workers, in order to be able to produce the masses of goods required by the market in the liveliest months. This reserve army is larger or smaller, according as the state of the market occasions the employment of a larger or smaller proportion of its members. And if at the moment of highest activity of the market the agricultural districts and the branches least affected by the general prosperity temporarily supply a number of workers, these are a mere minority, and these too belong to the reserve army, with the single difference that the prosperity of the moment was required to reveal their connection with it."<sup>10</sup>

It is important to note in the last words the reference to a part of the *agricultural* population which temporarily turns to industry, as belonging to the reserve army. This is precisely what the modern theory has called the *concealed* form of the surplus population (cf. Marx's *Capital*).

a surplus population (i.e., a population exceeding capitalism's *average* demand for workers) ready at any given moment to provide hands for any branch of industry, or any factory. The analysis showed that a surplus population is formed in all branches of industry wherever capitalism penetrates—and in agriculture as well as in industry—and that the surplus population exists in different forms. There are three chief forms:• 1) *Floating overpopulation*. To this category belong the unemployed workers in industry. As industry develops their numbers inevitably grow. 2) *Latent overpopulation*. To this category belong the rural population who lose their farms with the development of capitalism and are unable to find non-agricultural employment. This population is always ready to provide hands for any factory. 3) *Stagnant overpopulation*. It has "extremely irregular" employment under conditions below the average level. To this category belong, mainly, people who work in their own homes for manufacturers and shops, and it includes inhabitants of both town and country. The sum total of all these strata of the population constitutes the *relative surplus population, or the reserve army*. The latter term distinctly shows what population is referred to. They are the workers whom capi-

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• Cf. Sieber's *David Ricardo, etc.*, pp. 552-53, St. Petersburg, 1885.

talism needs for the *potential* expansion of enterprises, but who can never be constantly employed.

Thus, on this question, too, theory arrived at a conclusion that is diametrically opposed to that of the romanticists. For the latter, the surplus population signifies that capitalism is impossible, or a "mistake." Actually, the opposite is the case: the surplus population, being a necessary concomitant of surplus production, is a necessary attribute of the capitalist mode of production, *which could neither exist nor develop without it*. Here too Ephrussi totally misrepresented the issue by saying nothing about this proposition which the modern theory has advanced.

A mere comparison of these two points of view is sufficient to enable one to judge to which of them our Narodniks adhere. The chapter from Sismondi's work reviewed above could with every right figure in Mr. N. —on's *Essays on Our Post-reform Social Economy*.

While noting the formation of a surplus population in postreform Russia, the Narodniks have never raised the question of capitalism's need of a reserve army of workers. Could the railways have been built if a permanent surplus population had not been formed? It is well known that the demand for this type of labour fluctuates greatly from year to year. Could industry have developed without this condition? (In periods of boom it needed large numbers of building work-

ers to build new factories, buildings, warehouses, etc., and all kinds of auxiliary day labour, which constitutes the greater part of the so-called migratory nonagricultural trades ) Could the capitalist farming of our border regions, which demands hundreds of thousands and millions of day labourers, have been created without this condition? And is it not well known that the demand for this kind of labour fluctuates enormously? Could the entrepreneur lumber merchants have hewn down the forests to meet the needs of 'he factories with such phenomenal rapidity if a surplus population had not been formed? (Lumbering also belongs to the worst paid and worst treated branches of labour, like all the forms of labour performed by rural people for the entrepreneur ) Could the system under which merchants, manufacturers and shops give out work to be done at home in both town and country, a system which is so widespread in the so called kустар [handicraft] industries, have developed without this condition? In all these branches of labour (which have developed mainly since the reform), the fluctuation in the demand for hired labour is extremely great. It is the degree of fluctuation in this demand that determines the dimensions of the surplus population which capitalism *needs*. The Narodnik economists have nowhere shown that they are familiar with this law. We do not, of course, intend to enter here into an examina-

tion of the substance of these questions.\* This does not enter into the task we have set ourselves. The subject of our essay is West-European romanticism and its relation to Russian Narodism. And in this case, too, this relation turns out to be the same as in all the preceding cases: on the question of surplus population, the Narodniks adhere entirely to the point of view of romanticism, which is diametrically opposite to that of the modern theory. Capitalism does not find employment for displaced workers, they say. This means that capitalism is impossible, a "mistake," etc. But it does not "mean" that at all. Contradiction does not mean impossible (Widerspruch is not Widersinn). Capitalist accumulation, this real production for the sake of production, is also a contradiction. But it does not prevent it from existing, and from being the law of a definite mode of production. The same must be said about all the other contradictions of capitalism. The Narodnik argument we have quoted merely "means" that the Russian intelligentsia have become deeply imbued with the vice of brushing aside all these contradictions with the aid of phrases.

Thus, Sismondi contributed absolutely nothing to the *theoretical analysis* of overpopulation.

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\* For this reason we do not deal here with the very strange circumstance that the grounds which the Narodnik economists advance for *not counting* all these very numerous workers is that they are not registered.



But how did he regard it? His view is a queer combination of petty-bourgeois sentiment and Malthusianism. "The great vice of the present social organization," says Sismondi, "is that a poor man can never know what demand for labour he can count upon" (II, 261), and Sismondi sighs for the times when "the village shoemaker" and the small peasant knew the exact amount of their revenues. "The more a poor man is bereft of all property the more is he subject to the danger of falling into error concerning his revenues and of contributing to the formation of a population (*contribuer à accroître une population...*) which, being out of proportion to the demand for labour, will not find means of subsistence" (II, 263-264). You see: this ideologist of the petty bourgeoisie is not satisfied with wanting to retard the whole of social development for the sake of preserving the patriarchal relationships of a semibarbarous population. He is ready to prescribe every device for crippling human nature, as long as it helps to preserve the petty bourgeoisie. Here are several more excerpts, which leave no doubt about this last point:

The weekly payment of wages at the factory to the semipauperized worker has accustomed the latter not to look into the future further than the next Saturday: "this has blunted his moral qualities and sense of sympathy" (II, 266), which, as we shall see in a moment, consist of "connubial

prudence"l... "The more his family becomes a burden upon society the more will it grow; and the nation will suffer (*gémira*) from the burden of a population which is out of proportion (*disproportionnée*) to its means of subsistence" (II, 267). The preservation of small property at all costs—such is Sismondi's slogan—even at the cost of reducing the standard of living and of distorting human nature! And Sismondi, who with the air of a statesman has told us when an increase in the population is "desirable," devotes a special chapter to attacking religion because it has not condemned "imprudent" marriages. Once his ideal the petty bourgeois is affected, Sismondi becomes more Malthusian than Malthus. "Children who are born only for poverty are also born only for vice," says Sismondi, admonishing religion. "Ignorance in matters concerning the social system has induced them (the representatives of religion) to strike chastity from the list of virtues that are germane to marriage, and has been one of the constantly operating causes which destroy the balance which is naturally established between the population and its means of subsistence" (II, 294). "Religious morality should teach people that having produced a family, it is their duty to live no less chastely with their wives than bachelors should live with women who do not belong to them" (II, 298). And Sismondi, who, in general, lays claim to the title not only of a theo-

retician in political economy, but also to that of wise administrator, immediately proceeds to calculate that "producing a family" requires "in general, and on the average, three births," and he advises the government "not to deceive the people with the hope of an independent status which will permit them to raise a family when that illusory institution (*cet établissement illusoire*) leaves them at the mercy of suffering, poverty and death" (II, 299). "When the social organization did not separate the working class from the class which owned some property, public opinion alone was enough to avert the scourge (*le fléau*) of poverty. For the tiller of the soil to sell the heritage of his fathers and for the handicraftsman to squander his small capital has always been regarded as something shameful. . . . But under the system at present prevailing in Europe . . . people who are condemned never to possess any property can feel no shame whatever at being reduced to pauperism" (II, 306-307). It would be difficult to express small proprietor stupidity and hardness in more striking terms. Here Sismondi changes from the theoretician into the practical counsellor, who preaches the morals which, as is known, the French peasant practises with such success. This is not only Malthus, but Malthus deliberately cut to the measure of the petty bourgeois. Reading these chapters of Sismondi's, one cannot help recalling the passionately angry phi-

lippines of Proudhon, who argued that Malthusianism is the preaching of the connubial practice... of a certain unnatural vice.\*

## IX

### MACHINES IN CAPITALIST SOCIETY

Related to the question of surplus population is the question of the significance of *machines* in general.

Ephrasy dilates upon Sismondi's "brilliant observations" concerning machines, and asserts that "to regard him as an opponent of technical improvements is unjust" (No. 7, p. 155), that "Sismondi was not an enemy of machines and inventions" (p. 156). "Sismondi repeatedly stressed the idea that machines and inventions are not in themselves harmful to the working class, but become so only because of the conditions of the present system of economy, under which an increase in the productivity of labour leads neither to an increase in consumption by the working class nor to a reduction of working hours" (p. 155).

All these observations are quite correct. But again, *this* appraisal of Sismondi very vividly reveals how the Narodnik absolutely failed to un-

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\* Cf supplement to the Russian translation of Malthus' *Essay on Population* (Bibikov's translation, St Petersburg, 1866). Excerpt from Proudhon's essay *On Justice*

*derstand the romanticist*, to understand the romantic *point of view* of capitalism and the radical difference that exists between this point of view and that of scientific theory. The Narodnik could not understand this, because Narodism itself has not gone beyond romanticism. But while Sismondi's observations concerning the contradictory nature of the capitalist employment of machines marked a great step forward in the 1820's, it is quite unpardonable today to limit oneself to such a primitive criticism and to fail to see its petty bourgeois, narrow minded nature.

*In this respect* (i.e., in respect to the difference between Sismondi's doctrine and the modern theory)\* Ephruci firmly keeps to his own ground. He is even unable to present the question. He says that Sismondi saw the contradiction, and rests content with that; as if history has not provided examples of the most diverse modes and ways of criticizing the contradictions of capitalism. In saying that Sismondi did not regard machines as being harmful in themselves, but harmful in their operation under the present social system, Ephruci does not even see what a primitive, superficially sentimental point of view he expresses in this one argument alone. Sismondi did indeed inquire: are machines harmful, or not?

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\* We have already seen more than once that Ephruci tried to draw this comparison between Sismondi and the modern theory *everywhere*.

And he "answered" the question with the maxim: machines are useful only when production is commensurate with consumption (cf. quotations in *Russkoye Bogatstvo* No. 7, p. 156). After all that has been said above, there is no need for us to prove here that such an "answer" is nothing more nor less than substituting petty bourgeois utopia for a scientific analysis of capitalism. Sismondi cannot be blamed for not making such an analysis. Historical merits are not judged by the contributions historical personalities *did not make* compared with modern requirements, but by *the new contributions they did make* compared with their predecessors. Here, however, we are judging, not Sismondi and his primitive, sentimental point of view, but the economist of *Russkoye Bogatstvo*, who to this day fails to understand the difference between this and the modern point of view. He does not understand that to bring out this difference he should have asked not whether Sismondi was an enemy of machines or not, but whether Sismondi understood the significance of machines under the capitalist system, whether he understood the role machines play *under this system as a factor of progress*? Had the economist of *Russkoye Bogatstvo* done that, he would have noted that owing to his *petty-bourgeois, utopian* point of view, Sismondi *could not even have raised* such a question, and that the difference between that point of view and the new theory lies

precisely in the presentation of an answer to this question. In that case Ephrussi would have understood that by substituting the question of the conditions under which machines in general can be "profitable" and "useful" for the question of the historical role machines play in present day capitalist society, Sismondi, naturally, arrived at the theory that capitalism and the capitalist employment of machines were "dangerous," urged the necessity of "retarding," "moderating" and "regulating" the growth of capitalism, and, as a consequence, became a *reactionary*. Failure to understand the historical role machines play as a factor of progress is exactly one of the reasons why the modern theory regards Sismondi's doctrine as *reactionary*.

We shall not here, of course, expound the modern theory (i.e., Marx's theory) of machine production. We refer the reader to, say, the above-mentioned study by N. Sieber, chapter X: "Machines and Large Scale Industry," and particularly chap. XI: "An Examination of the Theory of Machine Production."\* We shall merely give

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\* "To tell the truth," says Sieber at the beginning of this chapter, "the theory of machines and of large-scale industry outlined here, represents such an inexhaustible source of new thoughts and original research, that if anybody took it into his head to weigh up the relative merits of this theory in full he would have to write almost a whole book on this subject alone" (p 473).

the gist of it in briefest outline. It can be reduced to two points: first, to an historical analysis, which established machine production as one of the stages in the development of capitalism, and the relation of machine industry to the preceding stages (capitalist simple cooperation and capitalist manufacture); second, to an analysis of the role machines play under the capitalist mode of production, and in particular, to an analysis of the changes which machine industry has brought about in all the conditions of life of the population. On the first point, theory established that machine industry is only one of the stages (namely, the highest) of capitalist production, and showed how it arose out of manufacture. On the second point, theory established that machine industry marks gigantic progress in capitalist society not only because it enormously increases the productive forces and socializes labour throughout the whole of society,\* but also because it destroys the manufacture division of labour, compels the workers to go from one occupation to another, completes the destruction of backward patriarchal

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\* Comparing "associated labour" in the village community and in capitalist society with machine industry, Sieber quite rightly observes: "There is approximately the same difference between the 'component part' of a village community and the 'component part' of society with machine production as there is, for example, between *the unit 10 and the unit 100*" (p. 495).



relationships, particularly in the rural districts,\* and gives a powerful impetus to the progress of society, both for the reasons already stated and as a consequence of the concentration of the industrial population. This progress, like the progress capitalism makes in every other field, is accompanied by the "progress" of contradictions, i.e., by the intensification and expansion of these contradictions.

Perhaps the reader will ask: what interest is there in an examination of Sismondi's views on such a universally known question and in such a sweeping reference to the modern theory, with which everybody is "familiar," and with which everybody "agrees"?

Well, to see what this "agreement" looks like we shall take Mr. N. —on, the most prominent of the Narodnik economists, who claims that he strictly applies the modern theory. In his *Essays*, as is known, Mr. N. —on sets himself as one of his special tasks the study of the capitalization of the Russian textile industry, the characteristic feature of which is precisely the fact that it employs machines more than any other industry.

The question is: what is Mr. N. —on's point of view on this subject: the point of view of Sismondi (which, as we have seen, he shares on very

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\* Sieber, op. cit., p. 467.

many aspects of capitalism), or the point of view of the modern theory? Is he, on this important question, a romanticist or . . . a realist?\*

We have seen that the first thing that distinguishes the modern theory from the old one is that the former is based on a historical analysis of the rise of machine industry from capitalist manufacture. Did Mr. N. —on take up the question of the rise of Russian machine industry? No. True, he did say that it was preceded by the domestic system of working for the capitalists, and by the handicraft "factory";\*\* but he not only failed to explain the relation of machine industry to the preceding stages, he even failed to "notice" that it was wrong in scientific terminology to apply the term *factory* to the *preceding stage* (hand-work at home, or in the capitalist's workshop),

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\* The word "realist" was used here instead of the word *Marxist* exclusively for reasons of the censorship. For the same reasons, instead of referring to *Capital* we referred to Sieber's book, which summarized Marx's *Capital* (author's footnote to the 1908 edition *Ed*).

\*\* P. 108. Citation from *Statistical Reports for the Moscow Gubernia*, Vol. VII, Part III, p. 32 (the statisticians here summarize Korsak's *Forms of Industry*): "Since 1822 the very organization of the trade has undergone a complete change—instead of being independent handicraft producers, the peasants are becoming merely the performers of several operations of large scale factory production, they confine themselves merely to receiving piece rates."

which should undoubtedly be described as *capitalist manufacture*.\*

Let not the reader think that this "omission" is unimportant. On the contrary, it is of enormous importance. Firstly, Mr. N. —on thereby identifies *capitalism with machine industry*. This is a gross mistake. The importance of the scientific theory lies precisely in that it defined machine industry's real place as *one of the stages* of capitalism. If Mr. N. —on shared the point of view of *this theory*, could he have depicted the growth and victory of *machine industry* as "*the struggle between two economic forms*": between some unknown "form based on the ownership by the peasantry of implements of production"\*\* and "capitalism" (pp. 2, 3, 66, 198 and others), whereas, in fact, we see *a struggle between machine industry and capitalist manufacture*? About this *struggle* Mr. N. —on says not a word; although it is precisely in the textile industry, which he had especially chosen to study (p. 79), and as he himself showed, that such a substitution of *one form of capitalism by another* took place, although Mr. N. —on misrep-

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\* Sieber quite rightly points to the fact that the ordinary terminology (factory, works, etc.) is unsuitable for scientific research and urges the necessity of drawing a distinction between machine industry and capitalist manufacture p. 474.

\*\* N. —on, p. 322. Does this differ even one iota from Sismondi's idealization of patriarchal peasant economy?

resented it as the substitution of "capitalism" for "popular production." Is it not evident that the question of the *actual* development of machine industry really did not interest him in the least, and that the term "popular production" covers up a utopia entirely to the taste of Sismondi? Secondly, if Mr. N. —on had raised the question of the historical development of Russian machine industry, could he have spoken of "implanting capitalism" (pp. 331, 283, 323 and others), on the basis of cases of governmental support and assistance—cases which have also occurred in Europe? The question is: is he copying Sismondi, who also talked in this way about "implanting," or the representative of the modern theory, who studied the substitution of machine industry for manufacture? Thirdly, if Mr. N. —on had raised the question of the historical development of the forms of capitalism in Russia (in the textile industry), could he have ignored the existence of capitalist manufacture in the Russian "kustar trades"?\* And if he had *really* followed theory and had attempted to apply a scientific analysis to at least a small corn-

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\* We assume that there is no need here to prove this commonly known fact. It is sufficient to recall the Pavlovo locksmith's trade, the Bogorodsk leather trade, the Kimry boot and shoe trade, the hat making district of Molvitino, the Tula accordion and samovar trades, the Krasnoye Selo and Rybnaya Sloboda jewelry trade, the Semyonov spoon-making trade, the horn trade in "Ustyanshchina," the felt-

er of this, what is also "popular production," what would have become of this picture of Russian social economy, which is painted in the style of a Suzdal daub, and depicts some nebulous "popular production" and a "capitalism," divorced from it which embraces only a "handful" of workers (p. 326 and others)?

To sum up: On the first point which distinguishes the modern theory of machine industry from the romantic theory, Mr N. —on *can under no circumstances be regarded as a follower of the former*, for he does not even realize that it is necessary to present the question of the rise of machine industry as *a spectral stage of capitalism*, and says nothing about the existence of capitalist manufacture, the stage of capitalism which preceded the machine stage. Instead of an historical analysis, he palms off the utopia of "popular production."

The second point relates to the modern theory concerning the changes which machine industry has brought about in social relationships. Mr. N. —on did not even attempt to examine this question. He complained a great deal about capitalism and deplored the factory (in exactly the same way

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making trade in the Semyonov Uyezd, Nizhni Novgorod Gubernia, etc. We are quoting from memory, if we took any investigation of the kустar industry, we could prolong this list to infinity.

as Sismondi deplored it), but he did not even attempt to study the change which the factory\* has brought about in social conditions. To do that it would have been necessary to compare machine industry with *the preceding stages*, and this is exactly what Mr. N.—on failed to do. Similarly, the modern theory concerning machines as a factor of progress in *present day capitalist society* is also totally alien to him. Here, too, he did not even present the question,\*\* *nor could he do so*, for this question can arise only out of a historical study of the supersession of *one form of capitalism* by another, whereas according to Mr. N.—on “capitalism” tout court\*\*\* superseded . . . “popular production.”

If, on the basis of Mr. N.—on’s “study” of the *capitalization of the textile industry in Russia*, we were to ask: how does Mr. N.—on look upon machines? we could receive no other reply than that with which we are already familiar from Sismondi’s work. Mr. N.—on admits that machines increase the productivity of labour (and

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\* We ask the reader not to forget that the scientific meaning of this term is not the same as the ordinary meaning. Science limits its application exclusively to large-scale machine industry.

\*\* As it was presented, for example, by A. Volgin, *The Substantiation of Narodism in the Works of Mr. Vorontsov* (V V) St. Petersburg, 1896.

\*\*\* Simply.—Ed.

how could he help admitting that?), just as Sismondi admitted this. Mr. N.—on says that it is not machines in themselves that are harmful, but the capitalistic employment of them—exactly what Sismondi said. Mr. N.—on believes that in introducing machines “we” lost sight of the fact that production must be commensurate with “the people’s consuming capacity”—this is just what Sismondi believed.

And that is all. Mr. N.—on does not believe anything more. He does not want to hear about the problems that have been raised and solved by the modern theory, because he did not even attempt to examine either the historical succession of different forms of capitalist production in Russia (even in the case of the textile industry that he chose), or the role of machines as a factor of progress under the *present* capitalist system.

Thus, on the question of machines—this most important question of theoretical political economy—Mr. N.—on also shares Sismondi’s point of view. Mr. N.—on *argues exactly like a romanticist*, which, of course, does not prevent him from quoting passage after passage.

This applies not to the example of the textile industry alone, but to all Mr. N.—on’s arguments. Recall the foregoing example of the flour milling industry. Mr. N.—on pointed to the introduction of machines only in order to have an excuse for the sentimental lamentation that this increase in

the productivity of labour was not commensurate with the "people's consuming capacity." As regards the changes in the social system which machine industry introduces in general (and actually introduced in Russia), he did not even think of analyzing them. The question as to whether the introduction of these machines was progressive in present day capitalist society is totally incomprehensible to him.\*

What we have said about Mr. N. —on applies *a fortiori*\*\* to the other Narodnik economists: on the question of machines, Narodism to this day adheres to the point of view of petty bourgeois romanticism and for an economic analysis substitutes sentimental wishes.

## X

### PROTECTION

The last theoretical question that interests us in Sismondi's system of views is the question of Protection. No little space is devoted to this question in *Nouveaux Principes*, but there it is examined mostly from the practical aspect in connection with the Anti-Corn Law movement in Eng-

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\* In the text are indicated, on the basis of Marx's theory, the tasks of a critique of Mr. N. —on's views which I subsequently performed in *The Development of Capitalism* (Author's footnote to the 1908 edition)

\*\* All the more.—Ed.



land. This latter question we shall examine later on, for it includes other, broader questions. What interests us here at the moment is only Sismondi's *point of view* on Protection. It is not some new economic concept of Sismondi's we have not discussed hitherto that is of interest in this question, but his understanding of the relation between "economics" and the "superstructure." Ephrussi assures the readers of *Russkoye Bogatstvo* that Sismondi was "one of the first and most talented forerunners of the modern historical school," that he was "opposed to the isolation of economic phenomena from all other social factors." "In the works of Sismondi is expressed the view that economic phenomena must not be isolated from other social factors, that they must be studied in connection with facts of a socio-political character" (*Russkoye Bogatstvo* No. 8, pp. 38-39). Well, we shall see from the example we have taken, how Sismondi understood the relation between economic and socio-political phenomena.

"The prohibition of imports," says Sismondi in the chapter "Of Customs" (I. IV, ch. XI), "is as unwise and as fatal as the prohibition of exports: it was invented in order to give the nation manufacture which it had not yet possessed; and it cannot be denied that for nascent industry it is on a par with the most powerful encouragement bonus. This manufacture produces, perhaps, scarcely one hundredth part of

the total quantity of the commodities of the given kind consumed by the nation. one hundred buyers will have to compete with each other to obtain commodities from the sole vendor, and the ninety-nine to whom he refuses to sell will have to make shift with contraband goods. In that case, the nation's loss will be equal to one hundred, and its gain equal to one. No matter how much the nation may gain from this new manufacture, there can be no doubt that this gain will be too small to justify such great sacrifice. It will always be possible to find less wasteful means of stimulating such manufacture to activity" (I, 440-441).

You see how simply Sismondi solves this problem: Protection is "unwise" because the "nation" stands to lose by it!

Of what "nation" does our economist speak? With what economic relationships does he connect the given socio political fact? He does not take any definite relationships, he argues *in general*, about a nation as it *should be*, according to his *conception of what should be*. And as we know, this conception of what should be is based on the exclusion of capitalism and the reign of small independent production.

But it is utterly absurd to connect a socio political factor which belongs to a given economic system, and to it alone, with some imaginary system. Protection is a "socio political factor" of capitalism, but Sismondi associates it not with

capitalism, but with some nation *in general* (or with a nation of small independent producers). He might, perhaps, have associated Protection with, say, the Indian village community, and have obtained a still more striking example of its "unwisdom" and "fatalness"; but this "unwisdom" would have applied equally to the association he makes and not to Protection. Sismondi makes a childish calculation to show that protection profits a very few at the expense of the masses. He need not have troubled to prove this, for this is already evident from the very term protection (whether it takes the form of a direct subsidy or the form of eliminating foreign competitors makes no difference). That Protection expresses a social contradiction is beyond dispute. But are there no contradictions in the economic life of the system which created Protection? On the contrary, it is full of contradictions, and Sismondi himself pointed to these contradictions throughout his book. Instead of *deducting* this contradiction from those of the economic system to which he himself pointed, Sismondi *ignores* economic contradictions and reduces his argument to a totally meaningless "pious wish." Instead of connecting this institution which, according to him, profits only a small group, with the position this group occupies in the country's economy, and with the interests of this group, he connects it with an abstract principle of the "common weal." We see,

therefore, that, contrary to Ephrussi's assertion, Sismondi does *isolate* economic phenomena from the rest (by regarding Protection isolatedly from the economic system) and totally *fails to understand the connection* between economic and socio-political facts. The tirade that we have quoted contains *all* that he, as a theoretician, could contribute to the question of Protection: all the rest is merely a paraphrase of this. "It is doubtful whether governments fully realize at what price they purchase this gain (the development of manufacture) and what frightful sacrifices they impose upon the consumers" (I, 442-443). "The governments of Europe wanted to violate nature" (*faire violence à la nature*). Which nature? Is it the nature of capitalism that Protection "violates"? "The nation was forced, so to speak (*en quelque sorte*), into false activity" (I, 448). "Some governments have gone to the length of paying their merchants to enable them to sell more cheaply; the stranger this sacrifice, the more it contradicts the simplest calculation, the more it is ascribed to high politics. . . . The governments pay their merchants at the expense of their subjects" (I, 421), and so on and so forth. This is the kind of arguments Sismondi treats us to! In other parts of his work, as if drawing the conclusion from these arguments, he calls capitalism "artificial" and "implanted" (I, 379, *opulence factice*), "a hothouse product" (II, 456) and so forth.

Starting out by substituting pious wishes for an analysis of the given contradictions, he reaches the point of positively distorting reality to suit those wishes. It transpires that capitalist industry, which is so zealously "supported," is feeble, groundless, and so forth, that it does not play a predominant role in the country's economy and, *consequently*, that this predominant role is played by small industry, and so forth. The undoubted and indisputable fact that Protection was created only by a definite economic system, and by the definite contradictions of this system, that it expresses the real interests of a real class, which plays the *predominant* role in the national economy, is reduced to nothing, is even transformed into its opposite, by means of a few sentimental phrases! Here is another specimen (concerning the Protection of agriculture I, 265, chapter on the Corn Laws):

"The English want us to believe that their big farms are the only means of improving agriculture, that is to say, of providing themselves with a greater abundance of agricultural produce at a cheaper price—actually, however, they, on the contrary, produce at a higher price."...

This passage, which so strikingly reveals the romanticist mode of argument, which the Russian Narodniks have taken over in its entirety, is wonderfully characteristic! The development of commercial farming and the technical progress con-

nected with it are depicted as a deliberately introduced system: the English (i.e., the English economists) present this system as the sole means of improving agriculture. Sismondi wants to say that "there could be" other means of improving agriculture besides commercial farming, i.e., again "there could be" in some abstract society, but not in the real society of a definite historical period, in the "society" based on commodity production, of which the English economists speak, and of which Sismondi too should have spoken. "Improvement of agriculture, *that is to say*, providing themselves (the nation?) with a greater abundance of produce." Not "that is to say," not by any means. Improvement of agriculture and improvement of the food of the masses are by no means the same thing; for the two not to coincide is not only possible but inevitable under the economic system which Sismondi so zealously tries to brush aside. For example, an increase in the cultivation of potatoes may signify an increase in the productivity of labour in agriculture (introduction of root crops) and an increase in surplus value, simultaneously with the deterioration of the food of the workers. It is another example of the habit of the Narodnik—that is to say, the romanticist—to brush aside the contradictions of real life by means of phrases.

"Actually," continues Sismondi, "these farmers, who are so rich, so intelligent and who are

so much supported (secondés) by all the progress of science, whose horses are so fine, whose hedges so solid and whose fields so thoroughly cleared of weeds, cannot compete against the wretched Polish peasant, who is ignorant, crushed by slavery, who seeks consolation only in drink, and whose agriculture is still in the infant stage of the art. The corn harvested in central Poland, after paying freight for many hundreds of leagues by river, by land and by sea, and after paying import duties amounting to 30 and 40 per cent ad valorem is still cheaper than the corn of the richest countries of England" (I, 265). "The English economists are perturbed by this contrast." They refer to taxes and so forth. But this has nothing to do with it. "The system of exploitation itself is bad, it rests on a dangerous foundation. . . . Lately, all writers have presented this system as an object worthy of our admiration, but we, on the contrary, must study it well in order to avoid copying it" (I, 266).

How infinitely naïve is this romanticist, who presents English capitalism (commercial farming) as the mistaken system of the economists, who imagines that the "perturbed" state of mind of the economists who shut their eyes to the contradictions of commercial farming is a sufficiently strong argument *against* the farmers! How superficial is his understanding, when he seeks an explanation of economic processes not in the in-

terests of different groups, but in the errors of economists, authors and governments! Good Sismondi wants to prick the consciences of the English and also the continental farmers and put them to shame in order to discourage them from "copying" such "bad" systems!

Do not forget, however, that this was written seventy years ago, that Sismondi witnessed the first steps of these, as yet, totally new phenomena. *His* naïveté is pardonable, for even the classical economists (his contemporaries) no less naïvely regarded these new phenomena as the product of the eternal and natural characteristics of human nature. But, we ask, have our Narodniks added at least one original word to Sismondi's arguments in their "objections" to capitalism, which is developing in Russia?

Thus, Sismondi's arguments about Protection show that the historical point of view was totally alien to him. Indeed, he argued exactly like the philosophers and economists of the eighteenth century, quite abstractly, differing from them only in that he proclaimed not bourgeois society, but the society of small independent producers to be normal and natural. Hence, he totally failed to understand the relation between Protection and a definite economic system; and he brushed aside this contradiction in the socio political sphere with the same sentimental phrases like "false," "perilous," mistaken, unwise, etc., as



those with which he brushed aside the contradictions in economic life. Hence, he depicted the matter with extreme superficiality and presented the question of Protection and Free Trade as a question of the "wrong" and the "right" road (i.e., to use his terminology, the question of capitalism, or the noncapitalist road).

The modern theory has fully exposed these errors by revealing the relation that exists between Protection and a definite historical system of social economy, the interests of the class which predominates in this system which are supported by governments. It showed that the issue of Protection and Free Trade is one *between* entrepreneurs (sometimes between the entrepreneurs of different countries, sometimes between different factions of entrepreneurs in a given country).

Comparing these two points of view on Protection with the attitude the Narodnik economists take towards this question we find that here too they fully share the point of view of the romanticists and associate Protection not with a capitalist, but with some abstract country, with "consumers" tout court, and proclaim it to be the "mistaken" and "unwise" support of "hothouse" capitalism, and so forth. On the question, for example, of duty-free imports of agricultural machines, which causes a conflict between industrial and agricultural entrepreneurs, the Narodniks, *of course*, stand solidly for the agricultural...en-

trepreneurs. We do not want to say that they are wrong. But this is a question of fact, a question concerning the present historical moment, the question as to which faction of the entrepreneurs expresses the more general interest of the development of capitalism. Even if the Narodniks are right, it is certainly not because the imposition of customs duties signifies "artificial" "support for capitalism," whereas the lifting of such duties signifies support for the "ancient" popular trades, but simply because the development of agricultural capitalism (which needs machines), by accelerating the extinction of the medieval relations in the rural districts and the creation of a home market for industry, signifies a wider, freer and more rapid development of capitalism in general.

We foresee one objection to this classing of the Narodniks with the romanticists on this question. It may probably be said that here it is necessary to single out Mr. N. —on who, after all, openly says that the question of Free Trade and Protection is a capitalist question, who has said it more than once, who even "cites." . . . Yes, yes, Mr. N. —on even cites! But if we are shown this passage from his *Essays* we shall quote *other passages* in which he proclaims support for capitalism to be "implanting" (and this in his "Summary and Conclusions"! pp. 331, 323 and also 283), states that the encouragement of capitalism

is "a fatal error" because "we have lost sight of the fact," "we have forgotten," "our minds were obscured" and so forth (p. 298. Compare this with Sismondi!). How can this be reconciled with the assertion that support for capitalism (export bonuses) is "one of the numerous contradictions with which our economic life teems;\* this one, like all the rest, owes its existence to the form which all production is assuming" (p. 286)? Note: *all production!* We ask any impartial person: what point of view is held by this author, who proclaims support of "*a form which all production is assuming*" to be an "error"? Is it the point of view of Sismondi, or of the scientific theory? Here, too (as on the subjects we examined above), Mr. N.—on's "citations" turn out to be irrelevant, clumsy interpolations, which do not in the least express a real conviction that these "citations" apply to Russian reality. Mr. N.—on's "citations" from the modern theory are mere window dressing and can only mislead the reader. It is an awkwardly worn "realist" costume beneath which hides the thoroughbred romanticist.\*\*

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\* In the same way as *Essays* "teem" with exhortations to "us," with the exclamations "we," and similar phrases, which ignore these contradictions

\*\* We have a suspicion that Mr N —on regards these "citations" as a talisman which protects him from all criticism. It is difficult otherwise to explain the fact that, on hearing from Messrs. Struve and Tugan-Baranovsky that

## XI

### SISMONDI'S PLACE IN THE HISTORY OF POLITICAL ECONOMY

We are now familiar with all of Sismondi's main propositions relating to theoretical political economy. Summing up, we see that, everywhere, Sismondi remains absolutely true to himself, that his point of view remains unchanged. On the one hand, on all points he differs from the classical economists in that he points to the contradictions of capitalism. On the other hand, on no point is he able (or does he wish) to continue the analysis of the classical economists, and therefore confines himself to a sentimental criticism of capitalism from the point of view of the petty bourgeois. This substitution of sentimental complaints and lamentations for a scientific analysis results in an extreme superficiality of his conception. The modern theory accepted his references to the contradictions of capitalism, subjected them too to a scientific analysis, and on all points arrived at conclusions which radically differ

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his doctrine had been compared with Sismondi's Mr. N. —on, in one of his articles in *Russkoye Bogatstvo* (1894, N 6, p. 88), "cited" the opinion of a representative of the modern theory who describes Sismondi as a petty bourgeois reactionary and utopian. Evidently, he is profoundly convinced that by means of such a "citation" he "refuted" the analogy that was drawn between himself and Sismondi.

from Sismondi's, and therefore lead to a diametrically opposite point of view concerning capitalism.

In *A Critique of Some of the Propositions of Political Economy* (*Zur Kritik*," Russ. trans., Moscow 1896) Sismondi's general importance in the history of the science is described as follows:

"Sismondi is no more labouring under Boisguillebert's idea, that labour which creates exchange value is adulterated by money; but just as Boisguillebert denounced money, so does Sismondi denounce large industrial capital" (p. 36).

The author wants to say: Just as Boisguillebert superficially regarded barter as a natural system and got into a rage against money, which was to him an "extraneous element" (p. 30, *ibid* ), so Sismondi regarded small industry as a natural system and got into a rage against big capital, which he regarded as an extraneous element. Boisguillebert failed to understand the inseparable and natural connection that exists between money and commodity exchange, failed to understand that he was contrasting as extraneous elements two forms of "the capitalist system of labour" (*ibid*, pp. 30 31). Sismondi failed to understand the inseparable and natural connection that exists between big capital and small independent production, failed to understand that these are two forms of commodity production. Boisguillebert "gets into a rage about

the capitalist system of labour in one form while utopianlike he praises it in another" (ibid.). Sismondi gets into a rage about big capital, i.e., about commodity production in one form, its most developed form, while, utopianlike, he praises the small producer (especially the peasantry), i.e., commodity production in another form, only in its rudimentary form.

"In Ricardo," continues the author of *Critique*, "political economy reached its climax, after recklessly drawing its ultimate conclusions, while Sismondi supplemented it by impersonating its doubts" (p. 36).

Thus, the author of *Critique* reduces the importance of Sismondi to the fact that he *brought forward the question* of the contradictions of capitalism, and thereby set the task of making a further analysis. The author we have quoted regards all the independent views of Sismondi, who also wanted to *answer* this question, as unscientific and superficial, and as reflecting his reactionary petty bourgeois point of view (cf. the above quoted opinions, and one quoted below in connection with Ephrussi's "quotation").

Comparing Sismondi's theory with Narodism, we find on nearly all points (except his repudiation of Ricardo's theory of rent and his Malthusian exhortations to the peasants) an astonishing similarity, which sometimes reaches the point of identity of terms. The Narodnik economists

fully share Sismondi's point of view. We shall be still more convinced of this later on, when we pass from theory to Sismondi's views on practical questions.

And lastly, as regards Ephruci, on no point has he given a correct appraisal of Sismondi. Pointing to Sismondi's emphasis on, and condemnation of, the contradictions of capitalism, Ephruci totally failed to understand either the sharp difference between his theory and the theory of scientific materialism, or the diametrical opposition between the romantic and scientific points of view regarding capitalism. The fellow feeling of the Narodnik for the romanticist, their touching unanimity, prevented the author of the essays in *Russkoye Bogatstvo* from correctly characterizing this classical representative of romanticism in economic science.

We have just quoted the opinion about Sismondi that "he impersonated the doubts" of classical political economy.

But Sismondi did not think of confining himself to this role (which gives him an honourable place among the economists). As we have seen, he tried to solve the doubts, but was unsuccessful. Not only that. His accusation against the classical economists and their science was not that they halted before an analysis of the contradictions, but that they employed wrong methods. "The old science does not teach us either to un

derstand or avert" new disasters (I, XV), says Sismondi in the preface to the second edition of his book, attributing this not to the fact that the analysis made by this science was incomplete and inconsistent, but to the fact that it "plunged into abstractions" (I, 55: the new disciples of Adam Smith in England plunged (*se sont jetés*) into abstractions, forgetting about "man") and is "proceeding along a wrong path" (II, 448). What is the charge that Sismondi levels against the classical economists and which permits him to draw this conclusion?

"The economists, the most celebrated of them, devoted too little attention to consumption and to the market" (I, 124).

This accusation has been repeated innumerable times since Sismondi's day. It was deemed necessary to divide "consumption" from "production" as a separate department of the science; it was said that production depends upon natural laws, whereas consumption is determined by distribution, which depends upon the will of man, and so on, and so forth. It is common knowledge that our Narodniks hold the same views and put distribution in the forefront.\*

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\* It goes without saying that Ephrussi did not miss the opportunity to praise Sismondi also for this. "The important thing in Sismondi's doctrine," we read in *Russkoye Bogatstvo* No. 8, p. 56, "is not so much the various special measures which he proposed, as the general spirit which



What meaning is there in this accusation? It is based solely on an extremely unscientific conception of the very subject of political economy. Its subject is not by any means "the production of material values," as is often claimed (that is the subject of technology), but the social relationships between men in production. Only by interpreting "production" in the former sense can it be separated from "distribution," and when that is done, the "department" of production contains not the categories of historically determined forms of social economy, but categories that relate to the labour process in general: usually, such empty banalities merely serve later on to

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permeates the whole of his system. Contrary to the classical school, he lays special emphasis on the interests of distribution and not on the interests of production." In spite of his repeated "references" to the "modern" economists, Ephrussi has totally failed to understand their theory, and continues to busy himself with the sentimental nonsense which distinguishes the primitive critique of capitalism. Here, too, our Narodnik wants to save himself by comparing Sismondi with "many prominent representatives of the historical school"; it transpires that "Sismondi went further" (ibid.), and Ephrussi rests quite content with that! "Went further" than the German professors—what more do you want? Like all the Narodniks, Ephrussi tries to lay the weight of emphasis on the point that Sismondi criticized capitalism. The economist of *Russkoye Bogatstvo* evidently has no idea that capitalism can be criticized in different ways, that capitalism can be criticized from the sentimental as well as from the scientific point of view.

obscure historical and social conditions. (Take, for example, the conception of capital.) If, however, we consistently regard "production" as social relationships in production, then both "distribution" and "consumption" lose all independent significance. Once relations in production are explained both the share of the product taken by the different classes and, consequently, "distribution" and "consumption," will *thereby* be explained. An. vice versa, if relations in production remain unexplained (for example, failure to understand the process of production of the aggregate social capital), all arguments about consumption and distribution become mere banalities, or pious, romantic wishes. Sismondi was the originator of such arguments. Rodbertus also talked a lot about the "distribution of the national product," and Ephrussi's "modern" authorities even formed special "schools," one of the principles of which was to pay special attention to distribution.\* But none of these theoreticians of "distribution" and "consumption" were able to solve

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\* Ingram quite rightly likens Sismondi to the "Katheder Socialists" (p 212, *A History of Political Economy*, Moscow, 1891) when he naively observed: "...we are ready (!) to admit Sismondi's view of the state as a power ... charged also with the mission of extending the benefits of the social union and of modern progress as widely as possible through all classes of the community" (215) What profundity distinguishes this "view" of Sismondi's we have already seen in the case of Protection

even the fundamental problem of the difference between social capital and social revenue; all continued to wallow in the contradictions before which Adam Smith had halted.\* The problem was solved only by the economist who had never singled out distribution, and had protested most vigorously against the "vulgar" arguments about "distribution" (cf. Marx's observations on the Gotha Program quoted by P. Struve in his *Critical Remarks*, p. 129, epigraph to chapter IV).<sup>12</sup> Not only that. The very solution of the problem consisted of an analysis of the *reproduction* of social capital. The author did not make a special problem of either consumption or distribution, but both were fully explained after the analysis of *production* was carried to the end.

"...The scientific analysis of the capitalist mode of production demonstrates that... the conditions of distribution are essentially identical with these conditions of production, being their reverse side, so that both conditions share the

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\* See, for example, R. Meyer's essay "Revenue" in *Handwörterbuch der Staatswissenschaft* (Russian translation in the collection of essays entitled *Promyshlennost*) (Industry), which reveals the hopeless confusion in the arguments of the "modern" German professors on this subject. It is curious that R. Meyer, referring directly to Adam Smith, and mentioning in his bibliography *the very chapters* of Vol II of *Capital* which contain a complete refutation of Smith, makes no mention of this in the body of his essay.

same historical and passing character." "Wages are conditioned upon wage labour, profit upon capital. These definite forms of distribution have for their prerequisites definite social characters (Charaktere) on the part of the conditions of production, and definite social relations of the agents in production. The definite condition of distribution, therefore, is merely the expression of the historically determined condition of production." ... "Every mode of distribution disappears with the peculiar mode of production, from which it arose and to which it belongs."

"The conception, which regards only the conditions of distribution historically, but not the conditions of production, is, on the one hand, merely an idea begotten by the incipient, but still handicapped (inconsistent, befangen), critique of bourgeois economy. On the other hand it rests upon a misconception, an identification of the process of social production with the simple labour process, such as might be performed by any abnormally situated human being without any social assistance. To the extent that the labour process is a simple process between man and nature, its simple elements remain the same in all social forms of development. But every definite historical form of this process develops more and more its material foundations and social forms" (*Capital*, Vol. III, 2, pp. 415, 419 and 420, German original).<sup>13</sup>

Sismondi was no more fortunate in his other attacks upon the classical economists, which occupied still more space in his *Nouveaux Principes*. "The new disciples of Adam Smith in England plunged into abstractions, forgetting about man..." (I, 55). For Ricardo "wealth is everything but men nothing" (II, 331). "They (the economists who advocate Free Trade) often sacrifice men and real interests to an abstract theory" (II, 457), and so forth.

How old these attacks are, and yet how new! I have in mind their resumption by the Narodniks, who are making so much noise over the frank admission that the capitalist development of Russia is her real, actual and inevitable development. Did they not repeat the same thing in different keys when they shouted about "apologetics of the money power," about "social bourgeois nature," and so forth? To them *even to a greater extent* than to Sismondi is applicable the remark addressed to the sentimental critics of capitalism in general: Man schreie nicht zu sehr über den Zynismus! Der Zynismus liegt in der Sache, nicht in den Worten, welche die Sache bezeichnen! Don't shout too much about cynicism! The cynicism lies not in the words which describe reality, but in reality itself!

"Even to a greater extent," we say. This is because the West European romanticists did not have before them a scientific analysis of the con-

traditions of capitalism, because they were the first to point to these contradictions, because they denounced (in "plaintive words," incidentally) the people *who failed to see* these contradictions.

Sismondi violently attacked Ricardo because the latter, with ruthless frankness, drew all the conclusions from his observations and study of bourgeois society: he frankly formulated the existence of production for the sake of production and the transformation of labour power into a commodity, regarded like every other commodity, and also that the important thing for "society" was only net revenue, i.e., only the amount of profit.\*

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\* Ephrussi, for example, repeats with an important air Sismondi's sentimental phrases to the effect that an increase in the net revenue of the entrepreneur is not a gain for the national economy, and so forth, and reproaches him merely for having "realized" this "not quite clearly yet" (p. 43, No. 8)

Would you not like to compare with this the results of the scientific analysis of capitalism:

The gross income (Roheinkommen) of society consists of wages plus profit plus rent. The net income (Reineinkommen) is surplus value.

"Viewing the income of the whole society, the national income consists of wages plus profit plus rent, that is, of the gross income. But even this is an abstraction to the extent that the entire society, on the basis of capitalist production, places itself upon the capitalist standpoint and considers only the income divided into profit and rent as the net income" (III, 2, 375-376) <sup>14</sup>

Thus, the author fully sides with Ricardo and his definition of the "net income" of "society," sides with the

But Ricardo spoke the absolute truth: *actually everything is precisely as he says*. If this truth seemed to Sismondi to be a "base truth," he should have looked for the causes of this baseness elsewhere and not in Ricardo's theory, and he should have directed his attacks elsewhere and not at "abstractions"; the exclamations he addressed to Ricardo belong entirely to the sphere of "the deception which exalts us."

Well, what about our modern romanticists? Do they think of denying the reality of the "money power"? Do they think of denying that this power is omnipotent not only among the industrial population, but also among the agricultural population of any "village community" and of any remote village you care to take? Do they think of denying that there is a necessary connection between this *fact* and commodity production? They have not even attempted to subject this to doubt. They simply try not to speak about it. They are afraid of calling things by their real names.

We fully understand their fear: the frank admission of reality would completely cut the ground from under the sentimental (Narodnik) critique of capitalism. It is not surprising that they so ardently rush into battle before they have

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very definition which evoked Sismondi's "celebrated objection" (*Russkoye Bogatstvo* No 8, p 44): "What? Wealth is everything and men nothing?" (II, 331). In modern society yes, certainly.

had time to clean the rusty weapon of romanticism. It is not surprising that they are unscrupulous in their methods and want to present hostility towards *sentimental* criticism as hostility towards criticism in general. After all, they are fighting for their right to existence.

Sismondi even tried to elevate his sentimental criticism to the plane of *a special method of social science*. We have already seen that he reproached Ricardo not because his objective analysis halted before the contradictions of capitalism (such a reproach would have been justified), but because this analysis was *objective*. Sismondi said that Ricardo "forgets about man." In his preface to the second edition of *Nouveaux Principes* we find the following tirade:

"I deem it necessary to protest against the customary methods of judging a work relating to the social sciences, methods which are so often frivolous, so often false. The problem which they have to solve is incomparably more complex than all the problems of the natural sciences; at the same time this problem appeals as much to the heart as it does to the mind" (I, XVI). How familiar to the Russian reader is this idea of contrasting the natural sciences to the social sciences, and of the latter appealing to the "heart"!\*

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\* "Political economy is not simply a science of calculation (n'est pas une science de calcul) but a moral science. . . . It achieves its object only when the feelings, needs,



Sismondi here expresses the very ideas which were to be "newly discovered" several decades later in the far east of Europe by the "Russian school of sociologists" and figure as a special "subjective method in sociology. . . ." Sismondi, like our native sociologists, of course appeals "to the heart as well as to the mind."\* But we have already seen that on all the most important problems, the "heart" of the petty bourgeois triumphed over the "mind" of the economist theoretician.

and passions of men are taken into consideration" (I, 313). These sentimental phrases which Sismondi, exactly like the Russian sociologists of the subjective school who utter exactly the same exclamations, regards as containing a new conception of social science, actually shows what an infantile, primitive state criticism of the bourgeoisie was still in. Does not a scientific analysis of contradictions, while remaining a strictly objective "calculation," provide a firm ground for understanding "the feelings, needs and passions," and the passions not of "men" in general that abstraction to which both the romanticists and the Narodniks ascribe a specifically petty bourgeois content but *the men of definite classes*? The point is, however, that Sismondi could not theoretically refute the economists and therefore confined himself to sentimental phrases. "Utopian dilettantism is obliged to make theoretical concessions to every more or less learned defender of the bourgeois system. To assuage the consciousness of his impotence that arises in him, the utopian consoles himself by reproaching his opponents for being objective; as much as to say: you may be more learned than I, but I am more kindhearted than you are" (Beltov, p. 43) <sup>18</sup>

\* As if the "problems" which arise from the natural sciences do not also appeal to the "heart"!

## POSTSCRIPT\*

That the appraisal given here of sentimental Sismondi in relation to scientifically "objective" Ricardo is correct, is fully confirmed by the opinion Marx expressed in the second volume of *Theories of Surplus Value*, which appeared in 1905 (*Theorien über den Mehrwert*, II. B., I. Th., S. 304 u. ff. "Bemerkungen über die Geschichte der Entdeckung des sogenannten Ricardoschen Gesetzes").\*\* Contrasting Malthus as a wretched plagiarist, paid advocate of the rich and shameless sycophant, to Ricardo as a man of science, Marx said:

"Ricardo regards the capitalist mode of production as the most advantageous for production in general, as the most advantageous for the creation of wealth, and for his time Ricardo is quite right. He wants *production for the sake of production*, and he is right. To object to this, as Ricardo's sentimental opponents did, by pointing to the fact that production as such is not an end in itself, means forgetting that production for the sake of production is nothing more nor less than the development of the productive forces of man-

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\* This postscript was written for the 1908 edition. *Ed.*

\*\* *Theories of Surplus Value*, Vol. II, Part I, p. 304, et. sup. "Observations on the History of the Discovery of the So-Called Ricardian Law."—*Ed.*

kind, i.e., *the development of the wealth of human nature as an end in itself*. If this end is set up in contrast to the welfare of individuals, as Sismondi did, it is tantamount to asserting that the development of the whole human race must be *retarded* for the sake of ensuring the welfare of individuals, that, consequently, no war, we shall say for example, can be waged, because war causes the death of individuals. Sismondi is right only in opposition to those economists who *obscure* this antagonism, deny it" (S. 309). From his point of view Ricardo has every right to put the proletarians on a par with machines, with commodities in capitalist production. "Es ist dieses stoisch, objektiv, wissenschaftlich," "this is stoicism, this is objective, this is scientific" (S. 313)'. It goes without saying that this appraisal applies only to a definite period, to the very beginning of the nineteenth century.

## CHAPTER II

### THE CHARACTER OF THE ROMANTICISTS' CRITIQUE OF CAPITALISM

We have already dealt sufficiently with Sismondi's "mind." Let us now examine more closely his "heart." We shall attempt to collect all the references to his *point of view* (which up to now we have studied only as an element relating to theoretical problems), to his *attitude* towards capitalism, to his social sympathies, to his conception of the "socio-political" problems of the period in which he was active.

#### I

#### THE SENTIMENTAL CRITIQUE OF CAPITALISM

The distinguishing feature of the period in which Sismondi wrote was the rapid development of *exchange* (the money system of economy to use modern terminology), which made itself felt with particular sharpness after the remnants of feudalism were destroyed by the French Revolution. Sismondi unambiguously condemned this

development and growth of exchange, denounced "fatal competition," called upon the "government to protect the population from the consequences of competition" (ch. VIII, 1. VII), and so forth. "Rapid exchanges corrupt the good morals of the people. Constant concern for selling at a profit cannot but lead to attempts to demand too high a price and to cheat, and the harder life becomes for the one who gains his livelihood by constant exchanges, the more he is tempted to resort to cheating" (I, 169). Such was the naïveté required to attack the money system of economy in the way our Narodniks attack it! "... Commercial wealth is only of secondary importance in the economic system; and wealth derived from land (territoriale—land) which provides the means of subsistence must grow first. The whole of that numerous class which lives by commerce must receive part of the produce of the land only when this produce exists; it (this class) must grow only to the extent that this produce grows" (I, 322-323). Has Mr. N. —on, who fills page after page with complaints about the growth of commerce and industry outpacing the development of agriculture, taken even one step beyond this patriarchal romanticist? These complaints of the romanticist and of the Narodnik merely testify to a total *failure to understand* the capitalist mode of production. *Can there be a capitalism under which the development of commerce and industry does*

not outpace agriculture? Why, the growth of capitalism is the growth of commodity production, *that is to say*, of the social division of labour, which *divorces* from agriculture, one after another, the various branches of working up raw materials, the production, working up and consumption of which were formerly combined in *one* natural economy. That is why capitalism *always and everywhere* signifies a *more rapid* development of commerce and industry than of agriculture, a *more rapid* growth of the commercial and industrial population, a *greater* weight and importance of commerce and industry in the social economic system as a whole.\* *Nor can it be otherwise.* By repeating such complaints, Mr. N.—on proves again and again that in his economic views he has not gone beyond superficial, sentimental romanticism. “This unwise spirit of enterprise (*esprit d’entreprise*), this excess of trading of every kind, which causes so many bankruptcies in America, owes its existence, without a doubt, to the increase in the number of banks and to the ease with which illusory credit takes the place of real property” (*fortune réelle*) (II, 111), and so forth ad infinitum. Why did Sis-

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\* As capitalism develops, agriculture, always and everywhere, *lags behind* commerce and industry, it is always subordinate to them and is exploited by them, and it is always *drawn* by them onto the path of capitalist *production* only later on

mondi attack the money system (and capitalism)? What did he set up in opposition to it? Small independent production, the natural economy of the peasants in the rural districts, handicrafts in the towns. This is what he says of the former in the chapter entitled "Of Patriarchal Agriculture" (ch. III, 1. III, "De l'exploitation patriarcale"—of the patriarchal exploitation of the land. Book III treats of "territorial" or land wealth):

"The first owners of land were themselves tillers, they performed all the field work with the aid of their children and their servants. No social organization\* guarantees more happiness and more virtue to the most numerous class of the nation, a larger sufficiency (opulence) to all, greater stability to the social order.... In those countries where the farmer is the owner (où le

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\* Note that Sismondi—exactly like our Narodniks at once transformed the independent economy of the peasants into a "social organization." This is an obvious juggle. What links together these peasants from different localities? Precisely the division of social labour and commodity production, which have superseded the feudal links. We at once see the effect of elevating one member of the commodity production system to a utopia and of failing to understand the other members. Compare this with what Mr. N—on says on p. 322: "The form of industry based on the ownership of the implements of production by the peasantry." That this ownership of the implements of production by the peasantry is—historically and logically *the starting point* precisely of *capitalist* production Mr. N—on does not even suspect!

fermier est propriétaire) and where the produce belongs entirely (sans partage) to the people who perform all the work, i.e., in those countries, the agriculture of which we call patriarchal, we see at every step signs of the farmer's love for the house in which he lives, for the land which he tends. . . . Work itself is a pleasure to him. . . . In those happy countries where agriculture is patriarchal, the particular nature of every field is studied, and this knowledge is passed on from father to son. . . . Large scale farming, directed by richer men, may, perhaps, rise above prejudice and routine. But knowledge (l'intelligence, i.e., knowledge of agriculture) will not reach the one who works himself and will be applied worse. . . . Patriarchal economy improves the morals and character of that numerous section of the nation upon which lies the burden of all agricultural work. Property cultivates habits of order and frugality, constant sufficiency destroys the taste for gluttony (gourmandise) and intemperance. . . . Entering into exchange almost exclusively with nature he (the farmer) has less reason than any industrial worker to distrust men and to resort to the weapon of dishonesty against them" (I, 165-170). "The first farmers were simple tillers of the soil; they themselves performed the bulk of the agricultural work; they kept the size of their enterprises commensurate with the working capacity of their families. . . . They did not cease to



be peasants: they themselves followed the plough ('tiennent eux mêmes les cornes de leur charrue'); they themselves tended their cattle, both in the fields and in the barns, they lived in the pure air and got accustomed to constant labour and to modest food, which create sturdy citizens and stalwart soldiers.\* They hardly ever employ day labourers for associated work, but only servants (des domestiques), always chosen from among their equals, whom they treat as equals, with whom they eat at the same table, drink the same wine and wear the same kind of clothes. Thus, the farmers and their servants constitute one class of peasants, inspired by the same feelings, sharing the same pleasures, subjected to the same influences and bound to their country by the same ties" (I, 221).

Here you have then the vaunted "popular production"! Let it not be said that Sismondi does not understand that it is necessary to unite the producers: he says plainly (see below) that "he too (like Fourier, Owen, Thompson and Muiron) wants association" (II, 365). Let it not be said that he stands above all for *property*: on the contrary, he places the weight of emphasis on small economy (cf. II, 355) and not upon small proper-

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\* Reader, compare these sentimental grandmother's tales with the statements of the "progressive" publicist of the end of the nineteenth century whom Mr. Struve cites in his *Critical Remarks*, p. 17. <sup>17</sup>

ty. It goes without saying that this idealization of small peasant economy looks different under different historical and social conditions. But that romanticism and Narodism both glorify precisely small peasant economy there can be no doubt.

Similarly, Sismondi idealizes primitive handicrafts and guilds.

"The village shoemaker, who is at once merchant, factory owner and worker, will not make a single pair of shoes without an order" (II, 262), whereas capitalist manufacture, not knowing the demand, may suffer bankruptcy. "Undoubtedly, both from the theoretical and factual standpoint, the institution of guilds (*corps de métier*) prevented, and was bound to prevent, the formation of a surplus population. It is also beyond doubt that such a population exists at the present time, and that it is the inevitable result of the present system" (I, 431). Many more excerpts of a similar nature could be quoted, but we shall postpone our examination of Sismondi's practical recipes until later on. Here we shall confine ourselves to what we have quoted in order to probe Sismondi's point of view. The arguments we have quoted may be summed up as follows: 1) the money system of economy is condemned because it destroys the small producers' security and their mutual intimacy (in the shape of the intimacy between the handicraftsman and his customers, or that be-

tween the farmer and his equals); 2) small production is extolled because it ensures the independence of the producer and eliminates the contradictions of capitalism.

We shall note that both these ideas constitute an essential part of Narodism,\* and we shall endeavour to probe their meaning.

The sum and substance of the critique of the money system of economy by the romanticists and by the Narodniks is that it gives rise to individualism\*\* and antagonism (competition), and also robs the producer of security and the social system of stability.\*\*\*

First about "individualism." Usually, the association of the peasants in a given community, or of the handicraftsmen (or kустars) of a given craft, is contrasted to capitalism, which destroys the links which unite them and puts competition in their place. This argument is a repetition of the typical error of romanticism, namely: since capi-

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\* On this question, too, Mr. N. —on is guilty of such a heap of contradictions that one can choose from them *any number* of propositions in no way connected with each other. But there can be no doubt about his idealization of peasant economy by the use of the hazy term "popular production." A haze is a particularly suitable atmosphere in which to don all sorts of disguises.

\*\* Cf N —on, p. 321, in f. (in fine—at the end Ed.) and others.

\*\*\* Ibid., 335. P. 184: capitalism "robs of stability." And many others.

talism is torn by contradictions it is not a *higher form of society*. Does not capitalism, which destroys the medieval village community, guild, ar-tel and similar ties, substitute others for them? Is not commodity production already a *tie* between the producers, a tie established by the *market*?\* The antagonistic, extremely fluctuating and contradictory character of *this tie* gives one no right to deny *its existence*. And we know that it is precisely the development of the contradictions that more and more powerfully reveals the strength of this tie, *compels* all the individual elements and classes of society to strive to unite, and to unite no longer within the narrow limits of one village community, or of one district, but to unite all the representatives of the given class *within a whole nation*, and even in different countries. Only a romanticist with his reactionary point of view can deny the existence of these ties and their more profound importance, which is based on the common role played in the national

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\* "In actual fact, *society, association*, are denominations which can be given to every society, to feudal society as well as to bourgeois society, which is association founded on competition. How then can there be writers, who, by the single word *association*, think they can refute competition?" (Marx. *Das Elend der Philosophie*) (Marx, *The Poverty of Philosophy*<sup>1a</sup>—Ed) Sharply criticizing the sentimental condemnation of competition, the author plainly stresses its *progressive aspect*, its driving force, which promotes "technical progress and social progress."

economy and not upon territorial, professional, religious and similar interests. If arguments of this kind earned the name of romanticist for Sismondi, who wrote in a period when these new ties which capitalism engendered were still in their rudimentary stage, then our Narodniks certainly deserve such a characterization; for *today*, the enormous importance of these ties can be denied only by those who are totally blind.

As regards insecurity and instability, and so forth, this is the old song that we dealt with when discussing the foreign market. Attacks of this kind betray the romanticist who fearfully condemns precisely what the scientific theory values most in capitalism: its inherent striving for development, its irresistible advance, its inability to halt or to reproduce the economic processes in their former, rigid dimensions. Only a utopian who draws up fantastic plans for spreading the medieval associations (such as the village community) over the whole of society can ignore the fact that it is precisely the "instability" of capitalism that makes it such an enormous factor of progress, a factor which accelerates social development, draws larger and larger masses of the population into the whirlpool of social life, compels them to ponder over its structure and to "forge their happiness" with their own hands.

Mr. N. —on's phrases about the "instability" of capitalist economy, about the lack of proportion in the development of exchange, about the disturbance of the balance between industry and agriculture, between production and consumption, about the abnormality of crises, and so forth, testify in the most indisputable manner to the fact that he still adheres entirely to the point of view of *romanticism*. Hence, the critique of European romanticism applies *word for word* to his theory too. Here is the proof:

"Let old Boisguillebert have the floor:

" 'The price of commodities,' he says, 'must always be *proportionate*; for it is such mutual understanding alone that can enable them to exist together so as to give themselves to one another at any moment ... and reciprocally give birth to one another.... As wealth, then, is nothing but this continual intercourse between man and man, craft and craft, etc., it is a frightful blindness to go looking for the cause of misery elsewhere than in the cessation of such traffic, brought about by a disturbance of proportion in prices.'

"Let us listen also to a modern\* economist:

" '... another great law as necessary to be affixed to production, that is, the law of *proportion* ... to preserve a continuity of value.... The equivalent must be guaranteed.... All nations

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\* Written in 1847.

have attempted, at various periods of their history, by instituting numerous commercial regulations and restrictions, to effect, in some degree, the object here explained (the law of proportion)... But the natural and inherent selfishness of man ... has urged him to ... break down all such regulations.... The end at which we arrive by these means, is Proportionate Production which ... is the realization of the entire truth of the science of Social Economy' (W. Atkinson, *Principles of Political Economy*, London, 1840, pp. 170, 195).

"Fuit Troja!\* This true proportion between supply and demand, which is beginning once more to be the object of so many pious wishes, ceased long ago to exist. It has passed into the stage of senility. It was possible only at a time when the means of production were limited, when the movement of exchange took place within very restricted bounds. With the birth of large-scale industry this true proportion had to (musste) come to an end, and production is compelled to pass inevitably in continuous succession through vicissitudes of prosperity, depression, crisis, stagnation, renewed prosperity, and so on.

"Those who, like Sismondi, wish to return to the true proportion of production, while preserving the present basis of society, are reactionary,

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\* Troy is no more.—Ed.

since, to be consistent, they must also wish to bring back all the other conditions of industry of former times.

"What kept production in true, or more or less true, proportions? It was demand that dominated supply, that preceded it. Production followed close on the heels of consumption. Large scale industry, forced by the very instruments at its disposal to produce on an ever-increasing scale, can no longer wait for demand. Production precedes consumption, supply compels demand.

"In existing society, in industry based on individual exchange, anarchy of production, which is the source of so much misery, is at the same time the source of all progress.

"Thus, there are only two alternatives:

"Either you want the true proportions of past centuries with present-day means of production, in which case you are both reactionary and utopian.

"Or you want progress without anarchy: in which case, in order to preserve the productive forces, you must abandon individual exchange" (*Das Elend der Philosophie*, S. 46 48)."

The last words apply to Proudhon, with whom the author is polemizing, thus formulating the difference between his own point of view and the views of Sismondi as well as of Proudhon. Mr. N. —on would not, of course, approximate to



either one or the other in *all* his views.\* But examine the content of the passage we have quoted. What is the main idea of the author we have quoted, his fundamental idea, which brings him into irreconcilable opposition to his predecessors? Undoubtedly, it is that he places the question of the instability of capitalism (which *all these three* authors admit) on a *historical* plane and regards this instability as a *progressive factor*. In other words: he recognizes, firstly, that present capitalist development, proceeding through disproportion, crises, etc., is a *necessary development*, and says that the very character of the means of production (machines) gives rise to the desire for an unlimited expansion of production and the constant anticipation of demand by supply. Secondly, he recognizes the existence in this development of the *elements of progress*, which consist in the development of the productive forces, in the socialization of labour within the whole of society, in the increase in the mobility of the population and of its intelligence, and so forth. These two points exhaust the difference between him and

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\* Although it is still a big question as to *why* he would not do so. Is it not only because these authors put the question on a wider plane, having in mind the present economic system in general, its place and importance in the development of the whole of mankind, and did not limit their outlook to *one country* for which, it is alleged, one can invent a *special* theory?

Sismondi and Proudhon, who agree with him in pointing to the "instability" of capitalism and to the contradictions it engenders, and in their sincere desire to eliminate these contradictions. Their failure to understand that this "instability" is a *necessary* feature of all capitalism and of commodity production in general brought them to *utopia*. Their failure to understand the elements of progress that are *inherent* in this instability makes their theories *reactionary*.\*

And now we invite Messrs. the Narodniks to answer this question: Does Mr. N. —on agree with the views of the scientific theory on the two points mentioned? Does he regard instability as a characteristic of the present system, and of present day development? Does he admit the existence of elements of progress in this instability? Everybody knows that he does not, that, on the contrary, Mr. N. —on proclaims this "instability" of capitalism to be simply an abnormality, a digression, and so forth, and regards it as decadence, retro

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\* This term is employed in its *historico philosophical* sense, describing only the *error* of the theoreticians who take models for their theories from *obsolete* forms of society. It does not apply at all to the personal qualities of these theoreticians, or to their programs. Everybody knows that neither Sismondi nor Proudhon were reactionaries in the ordinary sense of the term. We are explaining these elementary truths because, as we shall see below, Messrs the Narodniks have not grasped them to this day.

gression (cf. above: "robs of stability") and idealizes that very economic stagnation (recall the "age old foundations" "principles sanctified by the centuries," and so forth), the destruction of which is precisely the historical merit of "unstable" capitalism. Clearly, therefore, we were quite right in including him among the romanticists, and no amount of "citations" and "references" on his part can change *this character of his own arguments*.

We shall deal again with this "instability" later on (in connection with the hostility of romanticism and Narodism to the diminution of the agricultural population due to the growth of the industrial population); at present we shall quote a passage from *A Critique of Some of the Propositions of Political Economy* in which the *sentimental* attacks on the money system are examined.

"These definite social functions (namely, of the seller and buyer) are no outgrowths of human nature, but are the products of exchange relations between men who produce their goods in the form of commodities. They are so far from being purely individual relations between buyer and seller that both enter this relation only to the extent that their individual labour is disregarded and is turned into money as labour of no individual. Therefore, just as it is, childish to regard these bourgeois economic roles of buyer and seller as

eternal social forms of human individuality, so it is, on the other hand, preposterous to lament over them as the cause of the extinction of individuality.

"How deeply some beautiful souls are wounded by the merely superficial aspect of the antagonism which asserts itself in buying and selling may be seen from the following abstract from M. Isaac Pereire's *Leçons sur l'industrie et les finances*, Paris, 1832.\* The fact that the same Isaac in his capacity of inventor and dictator of the 'Crédit mobilier'\*\* has acquired the reputation of the wolf of the Paris Bourse shows what lurks behind the sentimental criticism of economics. Says Mr. Pereire, at the time an apostle of St Simons: 'Since individuals are isolated and separated from one another both in their labours and in consumption, exchange takes place between them in the products of their respective industries. From the necessity of exchange arises the necessity of determining the relative value of things. The ideas of value and exchange are thus intimately connected and both express in their actual form individualism and antagonism.... The determination of values of products takes place only because there are sales and purchases, or, to put it

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\* *Lectures on Industry and Finance*, Paris, 1832.—Ed.

\*\* A bank which grants loans on the security of moveable property. Ed.

differently, because there is an antagonism between different members of society. One has to occupy himself with price and value only where there is sale and purchase, that is to say, where every individual is obliged *to struggle* to procure for himself the objects necessary for the maintenance of his existence' " (op. cit., p. 68).<sup>30</sup>

The question is: wherein lies Pereire's sentimentality? He talks only about the individualism, antagonism and conflict that are inherent in capitalism, he says the very thing our Narodniks say in different keys and, moreover, they seem to be speaking the truth, because "individualism, antagonism and conflict" are indeed necessary attributes of exchange, of commodity production. His sentimentality lies in that this St. Simonist, carried away by his condemnation of the contradictions of capitalism, *fails to discern behind these contradictions* the fact that *exchange* also expresses a special form of *social economy*, that it, consequently, *not only disunites* (it does that only in respect to the medieval associations which capitalism destroys) *but also unites* men, compelling them to enter into intercourse with each other through the medium of the market.\* It was this superficial understanding, caused by their eager-

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\* Substituting for local and estate associations, unity of social status and social interests within a whole country, and even of the whole world.

ness to "trounce" capitalism (from the utopian point of view) that gave the author we have quoted occasion to call Pereire's critique *sentimental*.

But why should we worry about Pereire, the long forgotten apostle of long-forgotten Saint Simonism? Would it not be better to take the modern "apostle" of Narodism?

"Production . . . was robbed of its popular character and assumed an individual, capitalist character" (Mr. N.—on, *Essays*, pp. 321-322). You see how this disguised romanticist argues: "popular production became individual production" And as by "popular production" the author wants to imply the village community, he points to the decline of the *social* character of production, to the shrinking of the *social* form of production.

But is that so? The "village community" provided (*if it provided*; but we are ready to make any concession to the author) for organized production only in one individual community, divorced from all the other communities. The social character of production embraced *only the members of one community*.<sup>\*</sup> Capitalism, however, creates the social character of production for a

\* According to the Zemstvo statistics (Blagoveshchen sky's *Abstract of Statistics*), the average size of a *village community* for 123 uyezds in 22 gubernias is 53 households, with a total population of 323 of both sexes.

whole country. "Individualism" means the destruction of social ties; but these ties are destroyed by the *market*, which substitutes for them ties between *masses of individuals* who are not bound together by the village community, the estate, a given handicraft, the restricted area of a given trade, etc. The tie which capitalism creates manifests itself in the form of contradictions and antagonisms, and *therefore*, our romanticist does not wish to see this tie (although even the community as a productive organization never existed without contradictions and antagonisms of a different kind inherent in the old modes of production). The utopian point of view transforms also his critique of capitalism into *sentimental* critique.

## II

### THE PETTY BOURGEOIS CHARACTER OF ROMANTICISM

The idealization of small production reveals to us another characteristic feature of romanticist and Narodnik criticism, namely, its *petty-bourgeois character*. We have seen that both the French and the Russian romanticists equally convert small production into a "social organization," into a "form of production," and *oppose it to capitalism*. We have also seen that this opposing of one to the other is nothing but the expression of an extremely superficial understanding,

that it is the artificial and incorrect singling out and condemnation of one form of commodity production (large scale industrial capital), while utopistically idealizing *another form of the same* system of commodity production (small production). The misfortune of both the European romanticists of the beginning of the nineteenth century and of the Russian romanticists of the end of the nineteenth century is that they invent for themselves some kind of abstract small production that exists outside of the social relationships of production, and *overlook* the trifling circumstance that this small production actually exists in the environment of *commodity production*—this applies both to the small production on the European Continent in the 1820's and to Russian peasant production in the 1890's. *Actually*, the small producer who is idealized by the romanticists and Narodniks is therefore a *petty bourgeois*, who exists in the same antagonistic relationships as every other member of capitalist society, who also defends his interests by means of a struggle which, on the one hand, constantly gives rise to a small minority of big bourgeois, and on the other, pushes the majority into the ranks of the proletariat. Actually, as everybody sees and knows, there are no small producers who do not stand *between* these two antagonistic classes, and this middle position inevitably determines the specific character of the petty bourgeoisie, its dual



character, two facedness, its gravitation towards the minority which has emerged from the struggle successfully, its hostility towards the "failures," i.e., the majority. The more commodity production develops, the more strongly and sharply are these qualities brought out, and the more evident it becomes that the idealization of small production merely expresses a reactionary, *petty-bourgeois* point of view.

We must make no mistake about the meaning of the terms which the author of *A Critique of Some of the Propositions of Political Economy* applied precisely to Sismondi. These terms do not at all mean that Sismondi *defends* the backward petty bourgeois. *Nowhere does Sismondi defend them*: he wants to take the point of view of the working classes in general, he expresses his sympathy for all the representatives of these classes, he, for example, is pleased with factory legislation, he attacks capitalism and exposes its contradictions. In short, his point of view is exactly the same as that of the modern Narodniks.

The question is then: on what grounds is he described as a petty bourgeois? Precisely on the grounds that he fails to understand the connection between small production (which he idealizes) and big capital (which he attacks). Precisely on the grounds that he *fails to see* that his beloved small producer, the peasant, is in reality becoming a petty bourgeois. We must never

forget the following explanation of the practice of attributing the theories of various authors to the interests and points of view of different classes:

"Only one must not form the narrow minded notion that the petty bourgeoisie, on principle, wishes to enforce an egoistic class interest. Rather, it believes that the *special* conditions of its emancipation are the *general* conditions within the frame of which alone modern society can be saved and the class struggle avoided. Just as little must one imagine that the democratic representatives are indeed all shopkeepers or enthusiastic champions of shopkeepers. According to their education and their individual position they may be as far apart as heaven from earth. What makes them representatives of the petty bourgeoisie is the fact that in their minds they do not get beyond the limits which the latter do not get beyond in life, that they are consequently driven, theoretically, to the same problems and solutions to which material interest and social position drive the latter practically. This is, in general, the relationship between the *political* and *literary representatives* of a class and the class they represent" (Karl Marx, *The Eighteenth Brumaire of Louis Bonaparte*, translated by Bazarov and Stepanov, pp. 179 180).<sup>21</sup>

Hence, those Narodniks who think that the sole object of referring to petty-bourgeois nature

is to say something exceptionally venomous, that it is simply a polemical ruse, cut a very comical figure. By this attitude they reveal their failure to understand the general views of their opponents, and chiefly their failure to understand the foundation of *that very* critique of capitalism with which they all "agree," and in what way it *differs* from sentimental and petty bourgeois critique. The mere fact that they strive so hard to evade the very question of these latter forms of critique, of their existence in Western Europe, of their relation to the scientific critique, clearly shows *why* the Narodniks do not want to understand this difference.\*

We shall explain the above by quoting an example. In the bibliographical section of *Russkaya Mysl* for 1896, No. 5 (p. 229 et. sup.),<sup>22</sup> it

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\* For example, Ephrussy wrote two essays on the subject of "how Sismondi looked upon the growth of capitalism" (*Russkoye Bogatstvo* No. 7, p. 139), and yet *absolutely failed to understand precisely how* Sismondi looked upon it. The contributor to *Russkoye Bogatstvo* failed to notice Sismondi's petty bourgeois point of view. And since Ephrussy is undoubtedly familiar with Sismondi, since he (as we shall see later on) is familiar with that very representative of the modern theory who characterized Sismondi in this way, since he too wishes to "agree" with this representative of the new theory his failure to understand acquires a very definite significance. The Narodnik could not discern in the romanticist what he fails to discern in himself.

is stated that "lately there has appeared and is growing with amazing rapidity a group" among the intelligentsia, which on principle is unservedly hostile to Narodism. Monsieur the reviewer points in the briefest outline to the causes and character of this hostility, and one cannot refrain from stating with appreciation that he gives the *gist* of the point of view which is hostile to Narodism quite correctly.\* Monsieur the reviewer does not share this point of view. He cannot understand that the ideas of class interests, etc., should compel us to deny "popular ideals" ("simply *popular* [narodniye] but not Narodnik"; *ibid.*, p. 229), which, he says, are the welfare, freedom and consciousness of the peasantry, i.e., of the majority of the population.

"We shall be told, of course, as others have been told," says Monsieur the reviewer, "that the ideals of the peasant author (this is a reference to the wishes expressed by a certain peasant) are petty bourgeois and that, therefore, to this day our literature has been a representative and a defender of the interests of the petty bourgeoisie. But this is simply a bogey, and who, except those

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\* It sounds very strange, of course, to praise a man for correctly conveying another man's ideas!! But what would you have? Among the ordinary controversialists of *Russkoye Bogatstvo*, and of the old *Novoye Slovo*<sup>23</sup> published by Messrs. Krivenko and Vorontsov, such a method of controversy is indeed a rare exception.

who possess the world outlook and mental habits of a Zamoskvorechye merchant's wife, can be frightened by such a bogey?..."

Strongly spoken! But let us hear what he has to say further:

"... The main criterion, both of the conditions of human intercourse and of deliberate social measures, is not economic categories, borrowed, moreover, from conditions alien to the country, and formed under different circumstances, but the happiness and welfare, material and spiritual, of the majority of the population. And if a certain mode of life, and certain measures to maintain and develop this mode of life, lead to this happiness, call them petty bourgeois, or what you will, it will not alter the situation: they this mode of life and these measures will after all, be essentially progressive, and for that very reason will represent the *highest ideal attainable by society under existing conditions and in its present state*" (ibid., pp. 229-230, author's italics).

Does not Monsieur the reviewer see that in the heat of controversy he has jumped over the question?

Although he with extreme severity describes the accusation that Narodism is petty bourgeois as being "simply a bogey," he produces no proof of this assertion, except the following incredibly amazing proposition: "The criterion ... is not

economic categories, but the happiness of the majority." Why, this is the same as saying: the criterion of the weather is not meteorological observations, but the way the majority feels! What, we ask, are these "economic categories" if not the *scientific formulation* of the mode of economy and mode of life of the population, and, moreover, not of the "population" in general, but of *definite* groups of the population, who occupy a definite place under the *present* system of social economy? By opposing a most abstract idea about "the happiness of the majority" to "economic categories," Monsieur the reviewer simply strikes out the entire development of social science since the end of the last century and reverts to naïve rationalistic speculation, which ignores the existence and development of definite social relationships. With one stroke of the pen he strikes out all that has been achieved at the price of centuries of search by the human mind, which tried to *understand* social phenomena! And after relieving himself in this manner of all scientific encumbrances, Monsieur the reviewer *believes that the problem is already solved*. Indeed, he bluntly concludes: "If a certain mode of life . . . leads to this happiness, call it what you will, it will not alter the situation." What do you think of that? But the whole question was: *what* mode of life? The author himself had only just said that those who regarded peasant economy as a special mode

of life ("popular production," or whatever else you like to call it) were opposed by others who asserted that this was not a special mode of life, but just the ordinary *petty bourgeois* mode of life, similar to that of every other kind of small production in a country where commodity production and capitalism prevail. If from the former view it automatically follows that "this mode of life" ("people's production") "leads to happiness," then from the latter view it also automatically follows that "this mode of life" (the petty-bourgeois mode) leads to capitalism and to nothing else, leads to the pushing of the "majority of the population" into the ranks of the proletariat and to the conversion of the minority into a rural (or industrial) bourgeoisie. Is it not obvious that Monsieur the reviewer fired into the air, and amidst the noise of the shot took as proved precisely what is denied by the second view which is so unkindly declared to be "simply a bogey"?

If he had wanted to examine the second view seriously, he obviously should have proved one of two things: either that "petty bourgeoisie" is a wrong scientific category, that one can conceive of capitalism and commodity production *without* a petty bourgeoisie (as indeed Messrs. the Narodniks actually do, and thereby completely revert to Sismondi's point of view), *or* that this category *cannot be applied* to Russia, i.e., that

here we have neither capitalism nor the predominance of commodity production, that the small producers are not being transformed into the producers of commodities, that the above mentioned process of pushing out the majority and of strengthening the "independence" of the minority is not taking place among them. Now, however, seeing that he treats the reference to the petty-bourgeois character of Narodism simply as a desire to "offend" Messrs. the Narodniks, and after reading the above-quoted phrase about the "bogey," we involuntarily recall the well known utterance: "Pray, Kit Kitych! Who would offend you? You are the one to offend people!"

### III

#### THE QUESTION OF THE GROWTH OF THE INDUSTRIAL POPULATION AT THE EXPENSE OF THE AGRICULTURAL POPULATION

Let us return to Sismondi. In addition to his idealization of the petty bourgeoisie, in addition to his romanticist failure to understand how, under the present social economy, the "peasantry" is being transformed into a petty bourgeoisie, he holds an extremely characteristic view about the diminution of the agricultural population due to the increase in the industrial population. It is common knowledge that this phenomenon—one of the most striking manifestations of the capital-



ist development of a country is observed in all civilized countries, and also in Russia.\*

Being an outstanding economist of his time, Sismondi could not, of course, fail to see this fact. He openly records it, but totally fails to understand the necessary connection between it and the development of capitalism (to put it even more generally: with division of social labour, with the growth of commodity production called forth by this phenomenon). He simply *condemns* this phenomenon as a defect in the "system."

After pointing to the enormous progress made by English agriculture, Sismondi says:

"But while admiring the carefully cultivated fields, we must look at the people who cultivate them; they constitute only half the number that could be seen in France on an equal area. Some economists regard this as a gain; in my opinion it is a loss" (I, 239).

We can understand why the ideologists of the bourgeoisie regarded this phenomenon as a gain

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\* The percentage of the urban population in European Russia has been growing in the postreform period. Here we must confine ourselves merely to pointing to this most commonly known symptom, although it characterizes the phenomenon *far from completely*, for it does not include important features that are specific to Russia compared with Western Europe. This is not the place to examine these specific features (the peasants' lack of freedom of locomotion, the existence of industrial and factory villages, internal colonization of the country, and so forth).

(we shall soon see that *this is* also the view of the scientific critique of capitalism): in this manner they formulated the growth of bourgeois wealth, commerce and industry. Hastening to *condemn* this phenomenon, Sismondi forgets to think about its causes.

"In France and in Italy," he says, "where, it is calculated, four-fifths of the population belong to the agricultural class, four-fifths of the nation will have the national bread to eat, no matter what the price of foreign grain may be" (I, 264). Fuit Trojal one can say concerning this. There are now no such countries (even the most agricultural) which are not entirely dependent upon *the price of grain*, i.e., upon world capitalist production of grain.

"If a nation cannot increase its commercial population otherwise than by demanding from each a larger amount of work for the old pay, it must fear an increase in its industrial population" (I, 322). As the reader sees, this is merely kind advice devoid of all sense and meaning, for here the concept "nation" is based on the artificial exclusion of the antagonisms between the classes which constitute this "nation." As always, Sismondi simply *wriggles out* of these antagonisms by means of the pious wish that... that there should be no antagonisms.

"In England, agriculture employs only 770,199 families, commerce and industry employ 959,632,

the other estates in society number 413,316. That such a large proportion of the population, out of a total of 2,143,147 families, or 10,150,615 persons, should exist on commercial wealth is truly frightful (*effrayante*). Happily, France is still far from having such an enormous number of workers depending upon luck in a remote market" (I, 434). Here Sismondi even seems to forget that this "happiness" is due entirely to the lag in capitalist development of France.

Depicting the changes in the present system which are "desirable" from his point of view (we shall discuss these later on), Sismondi says that "the result (of reforms to suit the romantic taste) would undoubtedly be that more than one country that lives entirely by industry would have to close down many workshops, one after another, and that the urban population, which had increased excessively, would rapidly decline, whereas the rural population would begin to grow" (II, 367).

This example brings out in particular relief the helplessness of the sentimental critique of capitalism and the impotent vexation of the petty bourgeois! Sismondi simply *complains*\* that things are going one way and not another. His grief at the destruction of the Eden of the patriarchal dullness and downtrodden condition of the rural pop-

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\* "Ultimately ... this form of Socialism (namely the trend of petty bourgeois criticism, of which Sismondi was the head) ended in a miserable fit of the blues."<sup>24</sup>

ulation is so great that our economist even fails to see the causes of the phenomenon. He therefore overlooks the fact that the increase in the industrial population is necessarily and inseverably connected with commodity production and capitalism. Commodity production develops hand in hand with the development of the social division of labour. And the division of labour consists precisely in that one branch of industry after another, one form of working up the raw product after another, *is divorced* from agriculture and becomes independent, thus, consequently, forming an industrial population. Therefore, to discuss commodity production and capitalism and ignore the law of the relative growth of the industrial population, means to have no conception whatever of the *fundamental* characteristics of the *present* system of social economy.

"It is the nature of capitalist production to reduce the agricultural population continually as compared to the nonagricultural, because in industry (strictly speaking) the increase of the constant capital compared to the variable capital goes hand in hand with an absolute increase, though relative decrease,\* of the variable capital;

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\* From this the reader can judge the wit of Mr. N. —on who, in his *Essays*, unhesitatingly transforms the *relative* decrease of variable capital and of the number of workers into an *absolute* decrease, and from this draws a host of the absurdest conclusions concerning the "shrinking" of the home market, and so forth.

whereas in agriculture the variable capital<sup>1011</sup> required for the exploitation of a certain piece of land decreases absolutely and cannot increase, unless new land is taken into cultivation,\* which implies a still greater previous growth of the non-agricultural population" (III, 2, 177).\*

The point of view of the modern theory on this point too is diametrically opposed to that of romanticism with its sentimental complaints. When we understand that a phenomenon is inevitable we naturally adopt a totally different attitude towards it and we are able to appraise its different aspects. The phenomenon that we are now discussing is one of the most profound and most general of the contradictions of the capitalist system. The divorcement of the town from the country, the distinction between them, and the exploitation of the rural districts by the towns—these universal concomitants of developing capitalism—are an inevitable product of the prepon-

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\* It was this condition that we had in mind when we said that the internal colonization of Russia hindered the manifestation of the law of the greater growth of the industrial population. It is enough to recall the difference between the long settled midlands of Russia, where the industrial population grew not so much in the towns as in the factory villages and townships, and say, Novorossiia, which was settled in the postreform period, and where the towns are growing at a pace that can be compared with that of America. We hope to deal with this question in greater detail elsewhere.

derance of "commercial wealth" (to use Sismondi's term) over "wealth derived from land" (agricultural wealth). Therefore, the preponderance of the towns over the rural districts (in economic, political, intellectual, and all other respects) is a universal and inevitable phenomenon in all countries where commodity production and capitalism prevail, including Russia: only sentimental romanticists can bewail this phenomenon. The scientific theory, on the contrary, points to the *progressive* aspect with which big industrial capital invests this contradiction. "Capitalist production, by collecting the population in great centres, and causing an ever-increasing preponderance of town population ... concentrates the historical motive power of society"\* (die geschichtliche Bewegungskraft der Gesellschaft).\* If the preponderance of the town is inevitable, then only the gathering of the population to the towns can paralyze (and, indeed, does paralyze, as history shows) the one-sided character of this preponderance. If the town necessarily gains a privileged

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\* See also the particularly striking characterization of the progressive role played by industrial centres in the intellectual development of the population in *Die Lage der arbeitenden Klasse in England*, 1845.<sup>27</sup> That the recognition of this role did not prevent the author of *The Condition of the Working Class in England* from profoundly understanding the contradiction inherent in the divorcement of the towns from the rural districts, is proved by his polemical book against Duhring.

position for itself, leaving the rural districts subordinate, undeveloped, helpless and downtrodden, only the influx of the rural population into the towns, only this mingling and merging of the agricultural with the nonagricultural population, can lift the rural population out of its helplessness. Therefore, in answer to the reactionary complaints and lamentations of the romanticists, the modern theory indicates how this levelling up of the conditions of life of the agricultural and of the nonagricultural population creates the conditions for eliminating the distinction between town and country.

The question now is: what is the point of view of our Narodnik economists on this question? Undoubtedly, the sentimental romanticist point of view. They not only fail to understand that the growth of the industrial population is *inevitable* under the present system of social economy, but they even *close their eyes* to the phenomenon itself, thus imitating a bird which hides its head under its wing. P. Struve's statement that in his arguments about capitalism Mr. N. —on commits a gross error in asserting that there is an *absolute* diminution of variable capital (*Critical Remarks*, p. 255), and that it is absurd to contrast Russia with the West and say that the former has a smaller percentage of industrial population and at the same time to ignore the *growth* of this percentage as a result of the development of capi-

talism\* (*Sozialpolitisches Centralblatt*,\*\* 1893, No. 1), remained unanswered, as was to be expected. While constantly harping upon the peculiar features of Russia, the Narodnik economists have not even been able to present the question of the *actual* peculiar features of the formation of an industrial population in Russia,\*\*\* to which we briefly referred above. Such is the Narodniks' *theoretical* attitude towards this question. Actually, however, in discussing the conditions of the peasants in the postreform rural districts, and untrammelled by theoretical doubts, the Narodniks admit that the peasants who are pushed out of agriculture migrate to the towns and to the factory centres and confine themselves to *bewailing* this phenomenon, just as it was *bewailed* by Sismondi.\*\*\*\* They have totally failed to notice

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\* Let the reader recall that it was *precisely this mistake* that Sismondi made when he said that "happily" eighty per cent of the population of France was agricultural, as if this were the specific feature of some kind of "popular production," and so forth, and not a reflection of the lag in the development of capitalism.

\*\* *Central Social and Political Newspaper*—Ed.

\*\*\* Cf. Volgin, *The Substantiation of Narodism in the Works of Mr Vorontsov*, St. Petersburg, 1896, pp 215 16.

\*\*\*\* It must be said, in fairness, however, that while observing the growth of the industrial population in several countries, and recognizing the universal nature of this phenomenon, Sismondi, here and there, reveals an understanding of the fact that this is not merely some kind of



either the economic or (perhaps more important) moral and educational significance of the profound process of change that has taken place in the conditions of life of the masses of the population in postreform Russia—a process which, for the first time, disturbed the settled life of the peasantry who were tied to their given localities,

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an "anomaly," and so forth, but a profound change in the conditions of life of the people—a change which, it must be admitted, contains something that is good. At all events, his following observations on the harmfulness of the division of labour reveal views far more profound than those of Mr. Mikhailovsky, for example, who invented the general "formula of progress," instead of analyzing the definite forms which the division of labour assumes in different formations of social economy and in different periods of development.

"Although the monotonous operations to which all the activities of the workers in the factories are reduced must obviously harm their mental development (intelligence), nevertheless, it must be said in fairness that according to the observations of the best judges (judges, experts), the manufactory workers in England are superior in intelligence, education and morality to the agricultural workers" (*ouvriers des champs*) (I, 397). And Sismondi points to the cause of this: *Vivant sans cesse ensemble, moins épuisés par la fatigue, et pouvant se livrer davantage à la conversation, les idées ont circulé plus rapidement entre eux* (Owing to the fact that they are constantly together, are less fatigued, and have more opportunities to converse with each other, ideas have spread more rapidly among them.—*Ed.*). But, he adds in a melancholy tone, *aucun attachement à l'ordre établi* (they display no attachment to the established order.—*Ed.*).

gave them mobility, and brought the agricultural workers to the level of the nonagricultural, the rural to the level of urban workers\*—and provided the Narodniks only with occasion for sentimental romanticist lamentations.

#### IV

#### THE PRACTICAL PROPOSALS OF ROMANTICISM

We shall now endeavour to sum up Sismondi's point of view regarding capitalism (a task which, as the reader remembers, Ephruci, too, set himself) and examine the practical program of romanticism.

We have seen that Sismondi's merit lay in that he was one of the first to *point* to the contradic-

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\* The forms assumed by this process are also different in the central parts of European Russia compared with the border regions. It is mainly *agricultural* workers from the Central Black Earth gubernias and partly *nonagricultural* workers from the industrial gubernias who migrate to the border regions, where they spread their knowledge of "handicrafts" and "implant" industry among the purely agricultural population. The migrants *from the industrial region* are *nonagricultural* workers, part of whom scatter to all parts of Russia, but most of whom stream into the capitals and the large industrial centres, and this industrial current, if one may so express it, is so strong, that it creates a shortage of *agricultural* workers, who migrate to the *industrial gubernias* (the Moscow, Yaroslavl and other gubernias) from the Central Black-Earth gubernias. Cf. S. A. Korolenko, *Free Hired Labour, etc.*

tions of capitalism. But in pointing to them he not only made no attempt to analyze them and explain their origin, development and trend, but even regarded them as unnatural, or mistaken digressions from the normal. Against these "digressions" he naïvely protested with moralizing phrases, denunciations, advice to eliminate them, and so forth, as if these contradictions did not express the *real interests* of real groups of the population who occupy a definite place in the general system of social economy of the present day. This is the most outstanding feature of romanticism: to regard antagonism of interests (which is deeply rooted in the very system of social economy) as a contradiction or an error in a doctrine, system, even measures, and so forth. Here the narrow outlook of the Kleinbürger,\* who stands aloof from developed contradictions and occupies an intermediary, transitional position between the two antipodes, is combined with naïve idealism—we are almost ready to say a bureaucratic outlook—which attributes the existence of a social system to the opinions of men (especially of the men in power) and not vice versa. We shall quote examples of all Sismondi's arguments of this kind.

"In forgetting men for the sake of things, did not England sacrifice the aim to the means?"

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\* Petty bourgeois.—Ed.

"The example of England is all the more striking for the reason that that nation is free, enlightened and well governed, and that all her misfortunes are due solely to the fact that she pursued a *wrong* economic direction" (I, p. IX). Sismondi uses England in general as a frightful example for the Continent—exactly like our romanticists, who imagine that they are contributing something new and not the oldest kind of junk.

"In drawing my readers' attention to England, I wanted to show . . . the history of our own future, if we continue to act on the principles which she has followed" (I, p. XVI).

"... The Continental countries deem it necessary to follow England in her manufacture career" (II, 330). "There is no more astonishing, no more frightful spectacle than that which England presents" (II, 332).\*

"It must not be forgotten that wealth is merely that which represents (*n'est que la représen-*

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\* To show the relation between *European* and Russian romanticism we shall quote, in footnotes, passages from Mr. N —on "We refused to learn the lesson taught us by the course of economic development of Western Europe. We were so dazzled by the brilliance of the development of capitalism in England, and we are so astonished by the immeasurably more rapid development of capitalism in the American States," etc. (323). As you see, even Mr N —on's expressions are not distinguished for their novelty! He is "astonished" by the same thing that "astonished" Sismondi at the beginning of the century.

tation) the pleasures and amenities of life" (here wealth in general is already substituted for bourgeois wealth!), "and to create artificial wealth and thereby doom a nation to all that which actually represents poverty and suffering, means taking the name of a thing for the thing itself" (*prendre le mot pour la chose*) (I, 379).

"... As long as nations followed only the dictates (commands, indications) of nature and enjoyed the advantages provided by climate, soil, location and the possession of raw materials, they did not place themselves *in an unnatural position* (*une position forcée*), they did not seek *apparent wealth* (*une opulence apparente*) which for the masses becomes real poverty" (I, 411). Bourgeois wealth is only apparent wealth!! "It is dangerous for a nation to close its doors against foreign trade: this compels the nation to engage, in a way (*en quelque sorte*) in *false activity*, which leads to its ruin" (I, 448).\*

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\* "... The economic path that we have pursued for the past thirty years has been a wrong one" (281)... "We have identified too long the interests of capitalism with the interests of national economy—an error which has been utterly disastrous... The *apparent results* of the protection of industry ... *have obscured our vision* to such a degree that we have totally lost sight of the popular social aspect ... we have lost sight of the price that has to be paid for this development, we have forgotten the aim of all production" (298)—except capitalist production!

"Disdain for one's own past ... the implanting of capi-

"...Wages contain a necessary part which must sustain the life, strength and health of those who receive wages.... Woe to the government which encroaches upon this part—it will sacrifice everything (il sacrifie tout ensemble), men, and hope of future wealth.... This difference enables us to understand how wrong is the policy of those governments which have reduced the wages of the working classes to the limit required to increase the net revenues of factory owners, merchants and property owners" (II, 169).\*

"The time has come at last to ask: Whither are we going?" (où l'on veut aller) (II, 328).

"Their separation (i.e., of the property-owning class from the working people), the antagonism of interest between them, is the result of the present-day artificial organization which we have given human society.... The natural order of social progress did not by any means strive to separate men from things, or wealth from labour; in the rural districts the property owner could remain a tiller of the soil; in the towns the capitalist could remain a handicraftsman (artisan); the separation of the working class from the leisured class was not absolutely necessary for

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talism" ... (283).... "We ... resorted to all means to implant capitalism" ... (323).... "We overlooked" ... (ibid.).

\* "... We did not hinder the development of the capitalist forms of production in spite of the fact that they are based upon the expropriation of the peasantry" (323).

the existence of society, or for production; we introduced it for the greatest benefit of all; it devolves upon us (il nous appartient) to regulate it so that this benefit may be really achieved" (II, 348).

"The producers, having been put in opposition to each other (i.e., the masters to the workers) were compelled to proceed along a path that was *diametrically opposed* to the interests of society.... In this constant struggle to reduce wages, the public interest, in which, however, all participate, is forgotten by all" (II, 359-360). And this too is preceded by mention of the paths bequeathed by history: "At the beginning of social life *every man possesses capital*, with the aid of which he applies his labour, and nearly all handicraftsmen live on a revenue which consists equally of profit and wages" (II, 359).\*

Enough, one would think.... We can be certain that a reader who is familiar neither with Sis-

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\* "Instead of adhering firmly to our age-old tradition, instead of developing the principle of close connection between the means of production and the direct producer ... instead of increasing the productivity of its (*the peasantry's*) labour by concentrating the means of production in its hands ... instead of that, we took the *absolutely opposite path*" (322-323). "We mistook the development of capitalism for the development of the whole of people's production ... we *overlooked* the fact that the development of one ... can proceed only at the expense of the other" (323). Our italics.

mondi nor with Mr. N. —on will find it difficult to say which of the points of view of the two romanticists, the one in the footnote or the one in the text, is the more primitive and naïve.

Sismondi's practical proposals, to which he devoted so much space in his *Nouveaux Principes*, fully conform to this.

The difference between us and Adam Smith, says Sismondi in the very first book of his work, lies in that "we nearly always call for that very governmental interference which Adam Smith rejected" (I, 52). "The state does not rectify distribution" (I, 80). . . . "The legislator could ensure the poor man some guarantee against universal competition" (I, 81). "Production must be commensurate with social revenue, and those who encourage unlimited production without taking the trouble to ascertain what this revenue is, are pushing the nation to ruin, thinking that they are opening for it the road to wealth" (le chemin des richesses) (I, 82). "When the progress of wealth is gradual (gradué), when it is commensurate with itself, when none of its parts develops with excessive rapidity, it disseminates universal prosperity. . . . Perhaps it is the duty of governments to restrain (ralentir!!) this movement in order to regulate it" (I, 409-410).

Of the enormous historical importance of the development of the productive forces of society, which takes place precisely through these con-



traditions and disproportions, Sismondi has not the faintest idea!

"If the government exercises a regulating and moderating influence upon the desire for wealth, it can be infinitely beneficial" (I, 413). "Some of the measures to regulate trade which are nowadays condemned by public opinion, although unjustifiable as encouragements to industry, may be justified, perhaps, as a curb" (I, 415).

These arguments of Sismondi's already reveal his astonishing lack of historical sense: he has not the faintest idea that the entire historical significance of the period of which he was a contemporary lay in the liberation from medieval regulation. He does not realize that his arguments bring grist to the mill of the defenders of the ancien régime, who at that time were still so strong even in France, not to speak of the other countries of the West European continent where they ruled.\*

Thus, the starting point of Sismondi's practical proposals is tutelage, restraint, regulation.

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\* Ephrussi discerned "civic courage" in these regrets and wishes of Sismondi (No 7, p. 139). So the expression of sentimental wishes calls for civic courage!! Open any high school textbook on history and you will read that in the first quarter of the nineteenth century the West European countries were organized on lines which the science of constitutional law designates by the term: *Polizeistaat* (police state—*Ed.*) You will read that the historical task not only of that quarter, but also of the subsequent quarter

This point of view follows quite naturally and inevitably from the whole of Sismondi's range of ideas. He lived precisely at the time when large-scale machine industry was taking its first steps on the Continent of Europe, when there began that sharp and abrupt transformation of all social relationships which comes about as a result of the influence of machines (note, as a result of machine industry, and not of "capitalism" in general),\* a transformation which in economic science is known as the industrial revolution. This is how it is described by one of the first economists who was able fully to appreciate the profundity of the revolution which created modern European societies in place of the patriarchal semimedieval societies:

"Such, in brief, is the history of English industrial development in the past sixty years (this was written in 1844), a history which has no counterpart in the annals of humanity. Sixty, eighty years ago, England was a country like every other, with small towns, few and simple industries, and a thin but proportionally large

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of the century, was to combat it. You will understand then that Sismondi's point of view smacks of the dull wittedness of the small French peasant of the period of the Restoration; that Sismondi presents an example of the combination of petty bourgeois sentimental romanticism with phenomenal civic immaturity.

\* Capitalism in England dates not from the end of the eighteenth century but from an incomparably earlier period.

agricultural population. Today it is a country like no other, with a capital of two and a half million inhabitants; with vast manufacturing cities; with an industry that supplies the world, and produces almost everything by means of the most complex machinery; with an industrious, intelligent, dense population, of which two-thirds are employed in trade and commerce, and composed of classes wholly different; forming, in fact, with other customs and other needs, a different nation from the England of those days. The industrial revolution is of the same importance for England as the political revolution for France, and the philosophical revolution for Germany; and the difference between England in 1760 and in 1844 is at least as great as that between France, under the ancien régime and during the revolution of July.”\*

This was the complete “breakup” of all the old, deep rooted relationships, the economic basis of which had been small production. Naturally, with his reactionary, petty bourgeois point of view, Sismondi could not understand the significance of this “breakup.” Naturally, he first of all, and most of all, wished, urged, pleaded, demanded that this “breakup should be stopped”\*\*

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\* Engels. *Die Lage der arbeitenden Klasse in England* 22

\*\*We hope that Mr N. —on will not resent our borrowing from him (p 345) this expression, which we think is extremely apt and characteristic.

But how should this "breakup be stopped"? First of all, of course, by supporting popular . . . no, we mean the "patriarchal production" of the peasantry and of small farming in general. Sismondi devotes a whole chapter (II. VII, ch. VIII) to the subject of "how the government should protect the population from the consequences of competition."

"In relation to the agricultural population, the government's general task is to ensure for the workers (*à ceux qui travaillent*) a part of the property, or to support (*favoriser*) what we have called patriarchal agriculture in preference to all other kinds" (II, 340).

"The Statute of Elizabeth, which was disregarded, prohibited the building of cottages in England unless each was allotted a four-acre plot of land. Had this law been obeyed, no day labourer could have married without receiving a cottage, and no cottager would have been reduced to extreme poverty. This would have been a step forward (*c'est quelque chose*), but it would not have been enough; under the English climate, the peasant population would have lived in want on four acres per family. Today, most of the English cotters have only one and a half to two acres of land, for which they pay a fairly high rent. . . . The law should compel . . . the landlord, when he distributes his field among many cottagers, to

give each one enough land to provide him with a subsistence" (II, 342-343).\*

The reader will see that the proposals of romanticism are absolutely *identical* with the proposals and program of the Narodniks: they too ignore *actual* economic development, and in the

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\* "Adhere to our age old traditions; (is this not patriotism?) ... develop our inherited principle of close connection between the means of production and the direct producers" ... (Mr. N. — on, 322). "We have turned from the path which we have followed for many centuries, we have begun to eliminate production based on the close connection between the direct producer and the means of production, on the close connection between agriculture and manufacturing industry, and have placed at the foundation of our economic policy the principle of developing capitalist production, which is based on the expropriation of the means of production from the direct producers, with all its accompanying disasters, from which Western Europe is now suffering" (281). Let the reader compare this with the above quoted view of the West Europeans themselves on these "disasters from which Western Europe is suffering," and so forth. "The principle... of allotting land to the peasants or ... providing the producers with implements of labour" (p. 2) ... "the age old foundations of the people's life" (75) .... "Hence, we have in these figures (i.e., figures showing "the minimum amount of land which is needed under present economic conditions for ensuring the material security of the rural population") one of the elements for the solution of the economic problem, but only *one* of the elements" (65). As you see, the West European romanticists were no less fond than the Russian of seeking in "ancient traditions" "sanction" for people's production.

epoch of large-scale machine industry, fierce competition and conflict of interests they fatuously presume the preservation of conditions which reproduce the patriarchal conditions of the hoary past.

## V

### THE REACTIONARY CHARACTER OF ROMANTICISM

It goes without saying that Sismondi could not help realizing *how* actual development was proceeding. Therefore, in demanding "encouragement for small farming" (II, 335), he plainly says that it was necessary "to give agriculture a trend, diametrically opposite to that which it is now taking in England" (II, 354-355).\*

"Happily, England possesses means for doing a great deal for her rural poor by dividing among them her vast common lands (*ses immenses communaux*). . . . If her common lands were divided up into free allotments (*en propriétés franches*) of twenty to thirty acres they (the English) would see how quickly would revive that proud and independent class of countrymen, the yeomanry, whose almost complete extinction they now deplore" (II, 357-358).

The "plans" of romanticism are depicted as being so feasible precisely because they ignore

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\* Cf the Narodnik program "to drag history along another line" Mr. V. V. Cf. Volgin, I. c., p. 181.

real interests, and this is the essence of romanticism. "A proposal of this kind (to allot small plots of land to day labourers and to impose the duty of guardianship over the latter upon the landlords) will probably rouse the indignation of the big landowners, who alone today enjoy legislative power in England; nevertheless, it is just. . . . The big landowners alone need the services of day labourers; they created them—let them, therefore, maintain them" (II, 357).

One is not surprised to read such naïve things, which were written in the beginning of the century: the "theory" of romanticism conforms to the primitive state of capitalism in general, which conditioned such a primitive point of view. At that time there was still harmony between the actual development of capitalism, the theoretical conception of it, and the attitude towards capitalism, and Sismondi, at all events, appears as a writer who is consistent and true to himself.

"We have already shown," says Sismondi, "what protection this class (i.e., the class of handicraftsmen) once found in the establishment of guilds and corporations (*des jurandes et des maîtrises*). . . . We are not proposing that their strange and restrictive organization should be restored. . . . But the legislator should set himself the aim of increasing the reward for industrial labour, of extricating the industrial workers from that precarious (*précaire*) position in which they

are living and, at last, to make it easier for them to acquire what they call a *status* (un état)...\* Today, the workers are born and die workers, whereas formerly, the status of worker was merely the preliminary stage, the first rung to a higher status. It is precisely this ability to rise (cette faculté progressive) that it is important to restore. Employers must be given an incentive to promote their workers to a higher status; to arrange it so that a man who hires himself to work in a manufactory shall actually start by working simply for wages, but that he should always have the hope, provided his conduct is good, of sharing in the profits of the enterprise" (II, 344 345).

It would be difficult to express the point of view of the petty bourgeois more strikingly than this! The guilds are Sismondi's ideal, and the reservation he makes about it being undesirable to restore them obviously means only that the principle, the idea of the guilds should be taken (in exactly the same way as the Narodniks want to take the principle, the idea of the village community and not the present day fiscal association which is called the village community) and that its monstrous medieval features should be discarded. The absurdity of Sismondi's plan does not lie in that he wholly defended the guilds, or that he

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\* Author's italics



wanted to restore them in their entirety he did not set out to do this. The absurdity lies in that he took for his model an *association* which arose out of the narrow primitive need for association of local handicraftsmen and wanted to apply this yardstick, this pattern, to capitalist society, the uniting, socializing element of which is large scale machine industry, which is breaking down medieval barriers and obliterating local, provincial and professional distinctions. Appreciating the necessity of association, of association in general, in some form or another, the romanticist takes as a model the association which satisfied the narrow need for association in patriarchal, immobile society, and wants to apply it to a totally reformed society, a society with a mobile population, and with labour socialized not within the limits of a village community, or a corporation, but within the limits of a whole country, and even beyond the limits of a single country.\*

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\* Exactly the same mistake is made by the Narodniks in relation to another association (*the village community*) which satisfied the narrow need of association of local peasants who were linked to each other by the joint ownership of land, pastures, etc. (but chiefly by the joint rule of the landlords and bureaucrats) but which totally fails to meet the needs of commodity production and capitalism, which breaks down all local, estate and category barriers and introduces a profound economic antagonism of interests *within* the village community. The need for association has not diminished in capitalist society, on the contrary, it has

It is this mistake that quite justly earns for the romanticist the designation of *reactionary*, although this term is not used to designate the desire simply to restore medieval institutions, but the attempt to measure the new society with the old patriarchal yardstick, the desire to find models in the old order and traditions which are totally unsuited to the changed economic conditions.

Ephruci totally failed to understand this circumstance. He interpreted the characterization of Sismondi's theory as reactionary in the crude, vulgar sense. Ephruci was annoyed. . . . What do you mean?—he argued—How can Sismondi be called a reactionary when he plainly says that he does not want to restore the guilds? And Ephruci decided that it was unjust to "accuse" Sismondi of being "retrogressive," that, on the contrary, Sismondi's views "on the guild organization were correct" and that he "fully appreciated its histor-

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grown immeasurably. But it is utterly absurd to use the old yardstick for the purpose of satisfying this need of the new society. This new society is already demanding, firstly, that the association shall not be local, estate, or category, secondly, that its starting point should be the difference in status and interests which capitalism and the disintegration of the peasantry have created. Local, estate association, which links together peasants who differ sharply from each other in economic status and interests, now, because of its *compulsory nature*, becomes *harmful* for the peasants themselves and for social development as a whole.

ical importance" (No. 7, p. 147), as has been proved, he says, by the historical researches of such and such professors into the good sides of the guild organization.

Quasi-scientific writers often possess the astonishing ability to fail to see the wood for the trees! Sismondi's point of view regarding the guilds is characteristic and important precisely because he links his practical proposals with them."\* *And for that very reason* his theory is described as *reactionary*. But without rhyme or reason Ephrussi begins to talk about the modern historical works on the guilds!

The result of these inappropriate and quasi-scientific arguments was that Ephrussi evaded the very substance of the question, namely: whether it is just or unjust to describe Sismondi's theory as reactionary? He overlooked the very thing that is most important Sismondi's *point of view*. "I was accused," said Sismondi, "in political economy of being an enemy of social progress, a partisan of barbarous and coercive institutions. No, I do not want what has already been, but I want something that is better than the present. I cannot judge the present otherwise than by comparing it with the past, but I am far from wishing to restore

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\* Cf. above, at least the title of the chapter from which we quoted the arguments about the guilds (quoted also by Ephrussi: p. 147).

the old ruins when I point to the latter to prove the eternal needs of society" (II, 433). The *wishes* of the romanticists are very good (as are those of the Narodniks). Their appreciation of the contradictions of capitalism places them above the blind optimists who deny the existence of these contradictions. And Sismondi is regarded as a reactionary not because he wanted to return to the Middle Ages, but precisely because, in his practical proposals, he "compared the present with the past" and not with the future; precisely because he "proved the eternal needs of society"\* *by pointing* to "ruins" and not *by pointing* to the trends of modern development. It was this petty-bourgeois point of view of Sismondi's which sharply distinguished him from the other authors, who also proved, in his time and after him, the "eternal needs of society," that Ephrussi failed to understand.

This mistake of Ephrussi's was due to the very same narrow interpretation of the terms "petty bourgeois," "reactionary" doctrine to which we referred above in connection with the first of these terms. These terms by no means imply the selfish greed of the small shopkeeper, or a desire to check social development, to go back to the past: they

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\* The fact that he *proved* the existence of these needs places him, we repeat, far above the narrow minded bourgeois economists.

simply point to the given author's *erroneous* point of view, to his limited understanding and narrow outlook, which prompted the choice of means (for the achievement of very good aims) which cannot be effective in practice, which can satisfy only the small producer or be of service to the defenders of the past. Sismondi, for example, is not at all a fanatical advocate of small *proprietorship*. He appreciates the need for association no less than our modern Narodniks. He expresses the wish that "half the profits" of industrial enterprises should be "distributed among the associated workers" (II, 346). He openly advocates a "system of association" under which all the "achievements of production benefit the one who engages in it" (II, 438). In speaking of the relation between his doctrine and the doctrines, well known at that time, of Owen, Fourier, Thompson and Muiron, Sismondi says: "I, like they, would wish to see association instead of mutual opposition among those who produce a given article in common. But I do not think that the means which they propose for the achievement of this object can ever lead to that object" (II, 365).

The difference between Sismondi and these authors is precisely one of *point of view*. It is quite natural, therefore, that Ephrussi, who fails to understand this point of view, should completely misinterpret Sismondi's attitude towards these authors

"That Sismondi exercised too little influence upon his contemporaries," we read in *Russkoye Bogatstvo* No. 8, p. 57, "that the social reforms which he proposed were not put into effect, is due mainly to the fact that he was a long way ahead of his time. He wrote in the period when the bourgeoisie was enjoying its honeymoon.... Naturally, under these circumstances, the voice of a man who was demanding social reforms could not but remain a voice crying in the wilderness. But we know that posterity has treated him not much better. This, perhaps, is due to the fact that Sismondi was, as we have already said above, an author who wrote in a transitional period; although he wanted big changes, he could not, however, completely discard the past. Moderate people, therefore, thought he was too radical, whereas in the opinion of the representatives of more extreme trends, he was too moderate."

In the first place, to say that Sismondi was "ahead of his time" with the reforms he proposed indicates a total failure to understand the very substance of the doctrine of Sismondi, who himself stated that he compared the present with the past. One must indeed be infinitely shortsighted (or be infinitely partial to romanticism) to overlook the general spirit and the general significance of Sismondi's theory only because

Sismondi had favoured factory legislation,\* and so forth.

In the second place, Ephrussi thus assumes that the difference between Sismondi and the other authors lies only in the *degree of radicalness* of the reforms they proposed: they went further, but he did not entirely discard the past.

But that is not the point. The difference between Sismondi and these authors lies much deeper—it lies not in that some went further and others were more timid,\*\* but in that they looked upon the *very character* of reforms from two *diametrically opposite* points of view. Sismondi proved the “eternal needs of society,” and these authors also proved the eternal needs of society. Sismondi was utopian, he based his proposals upon abstract ideas and not upon real interests

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\* But even on this question Sismondi was not “ahead” of his time, for he merely approved of what was already being carried out in England, but was unable to understand the connection that existed between these changes and large scale machine industry and the progressive historical work it was doing.

\*\* We do not wish to say that there is no difference in this respect between the authors referred to, but it *does not explain the point* and misrepresents the relation between Sismondi and the other authors: it is made to appear that they held the same point of view and differed only in the radicalness and consistency of the conclusions they drew. But the point is not that Sismondi *did not* “go” as far, but that he “went” *back*, whereas the other authors referred to “went” *forward*.

—and these authors too were utopians, and also based their plans upon abstract ideas. But it was precisely the *character* of their respective plans that was absolutely different, because they looked upon modern economic development, which raised the question of “eternal needs,” from *diametrically opposite* points of view. The authors referred to anticipated the future; with the foresight of genius they divined the trend that would be taken by that “breakup” which the machine industry of that period was bringing about under their eyes. They looked in the direction in which actual development was proceeding; they, indeed, *saw ahead* of that development. Sismondi, however, *turned his back* on this development; his utopia did not anticipate the future but restored the past; he looked not forward, but backward, and dreamed of “stopping the breakup,” that very “breakup” *from which* the authors referred to deduced their utopias.\* That is why Sismondi’s utopia is regarded and quite rightly—as reactionary. The grounds for this characterization, we repeat once again, are *only that* Sismon-

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\* “Robert Owen,” says Marx, “the father of Coöperative Factories and Stores, but who . . . in no way shared the illusions of his followers with regard to the bearing (Tragweite) of these isolated elements of transformation, not only practically made the factory system the sole foundation of his experiments, but also declared that system to be theoretically the starting point of the social revolution.”<sup>29</sup>



di failed to understand the progressive significance of that "breakup" of the old semimedieval, patriarchal social relationships in the West European countries which large-scale machine industry began to bring about at the end of the last century.

This specific point of view of Sismondi's can be discerned even in his arguments about "association" in general. "I want," he says, "the ownership of the manufactories (*la propriété des manufactures*) to be shared among a large number of medium capitalists and not be concentrated in the hands of one man who owns many millions. . . ." (II, 365.) Still more strikingly is the point of view of the petty bourgeois reflected in the following tirade: "Not the poor class, but the day labourer class should be abolished; it should be restored to the proprietor class" (II, 308). "*Restored*" to the proprietor class—these words express the sum and substance of Sismondi's doctrinel

It goes without saying that Sismondi himself must have felt that his pious wishes were impracticable, he must have been conscious of their incompatibility with the present day conflict of interests. "The task of re-uniting the interests of those who associate in the same process of production (*qui concourent à la même production*) . . . is undoubtedly a difficult one, but I do not

think that this difficulty is as great as is supposed" (II,450).<sup>\*</sup> Consciousness of this incompatibility of his desires and aspirations with the actual conditions and their development, naturally stimulates a striving to prove that it is "not yet too late" to "go back," and so forth. The romanticist tries to lean upon the *undeveloped state* of the contradictions of the present day system, upon the *backwardness* of the country. "The nations have won a system of freedom into which we have entered (this refers to the fall of feudalism); but at the time they destroyed the yoke that they had borne for so long, the working classes (les hommes de peine—the representatives of labour) were not bereft of all property. In the rural districts they as metairier, quit renters (censitaires), and tenant farmers, possessed land (ils se trouvèrent associés à la propriété du sol). In the towns, as members of corporations and handicraft guilds (métiers) which they formed for mutual protection, they were independent tradesmen (ils se trouvèrent associés à la propriété de leur industrie). Only in our days, only in most recent times (c'est dans ce moment même) is the progress of wealth and competition breaking up all these associations. But this breakup (révolution) is not yet half accomplished" (II, 437).

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<sup>\*</sup> "The task which Russian society has to fulfil is becoming more and more complicated every day. Capitalism is extending its conquests day after day ..." (Ibid)

"True, only one nation is today in this unnatural position; only in one nation do we see this permanent contrast between apparent wealth (*richesse apparente*) and the frightful poverty of a tenth of the population, which is forced to live on public charity. But this nation, so worthy of emulation in other respects, so dazzling even in its errors, has, by its example, tempted all the statesmen of the Continent. And if these reflections cannot now benefit her, I will render, at least I think so, a service to mankind and to my fellow countrymen by pointing to the danger of the road along which she is proceeding, and prove by her experience that to base political economy upon the principles of unrestricted competition means sacrificing the interests of mankind to the simultaneous operation of all personal passions (II, 368).\* This is how Sismondi concludes his *Nouveaux Principes*.

The general significance of Sismondi and of his theory was distinctly formulated by Marx in the following comment, which first gives an outline of the conditions of West-European economic life which gave rise to such a theory (and gave rise to it precisely in the period when capitalism

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\* "Russian society has to fulfil a great task, one that is extremely difficult but not impossible—to develop the productive forces of her population in such a form as to benefit not an insignificant minority, but the whole nation" (N. —on, 343).

was only just beginning to create large-scale machine industry there), and then gives an appraisal of it.\*

"The medieval burgesses and the small peasant proprietors were the precursors of the modern bourgeoisie. In those countries which are but little developed, industrially and commercially, these two classes still vegetate side by side with the rising bourgeoisie.

"In countries where modern civilization has become fully developed, a new class of petty bourgeois has been formed, fluctuating between proletariat and bourgeoisie and ever renewing itself as a supplementary part of bourgeois society. The individual members of this class, however, are being constantly hurled down into the proletariat by the action of competition, and, as modern industry develops, they even see the moment approaching when they will completely disappear as an independent section of modern society, to be replaced, in manufactures, agriculture and commerce, by overlookers, bailiffs and shopmen.

"In countries like France, where the peasants constitute far more than half of the population, it was natural that writers who sided with the proletariat against the bourgeoisie, should use, in

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\* See citations in *Russkoye Bogatstvo* No. 8, p. 57, and also Mr. N. —on's essay in *Russkoye Bogatstvo* No. 6, p. 94.

their criticism of the bourgeois regime, the standard of the peasant and petty bourgeois, and from the standpoint of these intermediate classes should take up the cudgels for the working class. Thus arose petty bourgeois Socialism. Sismondi was the head of this school, not only in France but also in England.

"This doctrine dissected with great acuteness the contradictions in the conditions of modern production. It laid bare the hypocritical apologies of economists. It proved, incontrovertibly, the disastrous effects of machinery and division of labour; the concentration of capital and land in a few hands; overproduction and crises; it pointed out the inevitable ruin of the petty bourgeois and peasant, the misery of the proletariat, the anarchy in production, the crying inequalities in the distribution of wealth, the industrial war of extermination between nations, the dissolution of old moral bonds, of the old family relations, of the old nationalities.\*

"In its positive aims, however, this form of Socialism aspires either to restoring the old means of production and of exchange, and with them the old property relations, and the old society, or to cramping the modern means of production and of exchange, within the framework of the old prop-

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\* Ephrussi quotes this passage in No. 8 of *Russkoye Bogatstvo*, p. 57 (from the last paragraph).

erty relations that have been, and were bound to be, exploded by those means. In either case, it is both reactionary and utopian.

"Its last words are: Corporate guilds for manufacture; patriarchal relations in agriculture."\*

That this description is correct we tried to prove when examining each individual item of Sismondi's doctrine. Now we shall merely note the curious trick to which Ephruci resorted here to crown all the blunders he had made in his exposition, criticism and appraisal of romanticism. The reader will remember that at the very beginning of his essay (in *Russkoye Bogatstvo* No. 7), Ephruci stated that it was "unjust" and "wrong" to include Sismondi among the reactionaries and utopians (l. c., p. 138). To prove this thesis Ephruci, firstly, contrived to say nothing at all about the main thing, namely, the connection that exists between Sismondi's *point of view* and the position and interests of a special class in capitalist society, of the small producers; secondly, in examining the various elements of

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\* Cf *Russkoye Bogatstvo*, 1894, No. 6, p. 88, essay referred to. In the translation of this passage Mr N. —on is guilty of two mistranslations and of one omission. Instead of "petty bourgeois" and "small peasants" he translates "narrow burgher" and "narrow peasant." Instead of "cudgels for the workers" he translates "cudgels for the people," although in the original we have the word Arbeiter. The words "were bound to be exploded" (gesprengt werden mussten), he omitted.<sup>30</sup>

Sismondi's theory Ephrucky partly presented his relation to modern theory in a totally wrong light, as we have shown above, and partly, simply ignored the modern theory and defended Sismondi by means of references to German scholars who "went no further" than Sismondi; thirdly and lastly, Ephrucky was pleased to sum up his appraisal of Sismondi in the following way: "Our (!) opinion of the importance of Simonde de Sismondi," he says, "can(!) be summed up in the following words" of a German economist (*Russkoye Bogatstvo* No. 8, p. 57), and then follows the passage we have quoted above, i.e., *only a particle* of the characterization given by that economist, but the part which explains the connection between Sismondi's theory and a special class in modern society, and that part where the final conclusion is drawn that Sismondi is reactionary and utopian, are omitted! Not only that. Ephrucky did not confine himself to taking *a particle* of the comment which gives no idea of the comment *as a whole*, and thereby presenting this economist's attitude towards Sismondi in a totally wrong light; he, moreover, tried to embellish Sismondi, while pretending that he was merely conveying the opinion of that economist.

"We shall add to this," says Ephrucky, "that in some of his theoretical views, Sismondi is the predecessor of the most outstanding modern econ-

omists:\* let us recall his views on revenue from capital and on crises, his classification of national revenue, and so forth" (ibid ). Thus, instead of *adding* to this German economist's opinion of Sismondi's merits the same economist's reference to Sismondi's petty bourgeois point of view, and to the reactionary character of his utopia, Ephrussi *adds* to Sismondi's *merits precisely those parts of his theory* (such as his "classification of national revenue") *which*, in the opinion of this same economist, contain *not a single scientific word*.

We may be told: Ephrussi may not in the least share the opinion that the explanation of economic doctrines must be sought in economic reality; he may be profoundly convinced that A. Wagner's theory of the "classification of the national revenue" is the "most outstanding" theory. We are quite willing to believe this. But what right had he to flirt with this theory, with which Messrs. the Narodniks are so fond of saying they "agree," when in fact, he totally failed to understand this theory's attitude towards Sismondi, and did everything possible (and even impossible) to present this attitude in a totally wrong light?

We would not have devoted so much space to this question had it concerned only Ephrussi—

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\* Like Adolph Wagner?—K. T.



an author whose name we meet in Narodnik literature almost for the first time. It is not Ephruci's personality, nor even his views, that are important for us, but the *general attitude of the Narodniks towards the theory of the famous German economist which, they claim, they agree with*. Ephruci is by no means an exception. On the contrary, his is quite a typical case, and to prove this we have throughout drawn a parallel between Sismondi's point of view and theory on the one hand and Mr. N. —on's point of view and theory on the other.\* The similarity proved to be complete: the theoretical views, the point of view regarding capitalism, and the character of the practical conclusions and proposals of both authors proved to be *identical*. And as Mr. N. —on's views may be described as the last word in Narodism, we have a right to draw the conclusion that *the economic theory of the Narodniks is but a Russian variety of general European romanticism*.

It goes without saying that the specific historic and economic features of Russia on the one hand, and her incomparably greater backwardness, on the other, lend Narodism particularly important distinguishing features. But these distinc-

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\* Mr. V. V., another Narodnik economist, is quite in accord with Mr. N. —on on the extremely important questions referred to above, and differs from him only in that his point of view is even more primitive.

tions are no more than distinctions between varieties within the same species and, therefore, do not disprove the *identity* between Narodism and petty-bourgeois romanticism.

Perhaps the most outstanding and striking distinction is the effort of the Narodnik economists to disguise their romanticism by stating that they "agree" with the modern theory and by *referring* to it as often as possible, although this theory is sharply hostile to romanticism and grew up in the course of a fierce struggle against petty-bourgeois doctrines of every variety.

The analysis of Sismondi's theory is of special interest precisely because it provides an opportunity to examine the *general methods* of this disguise.

We have seen that *both* romanticism and the modern theory *point to the same* contradictions that are inherent in the present system of social economy. The Narodniks take advantage of this and *point* to the fact that the modern theory recognizes the contradictions that manifest themselves in crises, in the quest for a foreign market, in the growth of production simultaneously with a decline in consumption, in protective tariffs, in the harmful effects of machine industry, and so on, and so forth. And the Narodniks are quite right: the modern theory does indeed *recognize all these* contradictions, which romanticism also recognized. But the question is: did a single Na-

rodnik ever ask wherein lies the difference between the scientific analysis of these contradictions, which attributes them to the different interests that spring from the soil of the present system of economy and the utilization of this pointing to contradictions merely for the purpose of uttering pious wishes? No, not a single Narodnik has examined this question, which indicates precisely the difference between the modern theory and romanticism. The Narodniks, too, utilize their pointing to contradictions only for the purpose of uttering pious wishes.

The next question is: did a single Narodnik ever ask wherein lies the difference between the sentimental critique of capitalism and the scientific, dialectical critique of it? Not one of them has put this question, which indicates the second major difference between the modern theory and romanticism. Not one of them has deemed it necessary to use as the criterion of his theories the present development of social and economic relationships (and it is precisely the application of this criterion that constitutes the chief distinguishing feature of the scientific critique.

And lastly, the question is: did a single Narodnik ever ask wherein lies the difference between the point of view of romanticism, which idealizes small production and bewails the "break-up" of its foundations by "capitalism," and the point of view of the modern theory, which takes

large scale capitalist production with the aid of machines as its point of departure and proclaims this "breakup of foundations" as progressive? (We employ this generally accepted Narodnik term which vividly describes that process of transformation of social relationships as a result of the influence of large scale machine industry which *everywhere*, and not only in Russia, took place with an abruptness and sharpness that astonished public opinion.) Again no. Not a single Narodnik asked himself this question, not one of them attempted to apply to the Russian "breakup" those yardsticks which compel us to regard the West European "breakup" as progressive; and all weep over the foundations, advise that this breaking up should stop, and assure us through their tears that this is precisely the "modern theory"...

The comparison of their "theory," which they have presented as a new and independent solution of the problem of capitalism based on the last words of West-European science and life, with Sismondi's theory clearly demonstrates to what a primitive period of the development of capitalism and of the development of public thought the rise of this theory belongs. But the point is not that this theory is old. Are there not many very old European theories that would be very new for Russia? The point is that *even when that theory appeared, it was a petty bourgeois and reactionary theory.*

## VI

### THE QUESTION OF THE ENGLISH CORN DUTIES AS APPRAISED BY ROMANTICISM AND BY THE SCIENTIFIC THEORY

We shall supplement our comparison of the theory of romanticism on the main points of modern political economy with the new theory by comparing the way the two theories treat of a certain *practical* question. Such a comparison will be all the more interesting for the reason that, on the one hand, this practical question is one of the biggest fundamental questions of capitalism, and on the other hand, for the reason that the two most outstanding representatives of these antagonistic theories have expressed their opinion on this subject.

We are referring to the English *Corn Laws* and their repeal.<sup>21</sup> In the second quarter of the present century this question profoundly interested not only the English but also the continental economists; they all realized that this was not by any means a specific question relating to tariff policy, but the general question of free trade, of free competition, of the "destiny of capitalism." This was a matter of crowning the edifice of capitalism by introducing free and unrestricted competition, of clearing the road for the completion of that "breakup" which large-scale machine industry began in England at the end of the last

century; of removing the obstacles that were hindering this "breakup" in *agriculture*. It was precisely in *this* way that the two continental economists, of whom we intend to speak, approached the question.

Sismondi added another chapter to the second edition of his *Nouveaux Principes* specially devoted to the subject of "the laws governing the trade in grain" (I. III, ch. X).

First of all, he emphasizes the urgency of the question: "Half of the English nation is today demanding the repeal of the Corn Laws, demanding it with extreme anger against those who support them; but the other half is demanding that they be retained, and cry out indignantly against those who want them repealed" (I, 251).

In examining the question, Sismondi points out that the interests of the English farmers demanded corn duties to ensure them a remunerating price. The interests of the manufacturers, however, demanded the repeal of the Corn Laws, because the manufactories could not exist without foreign markets, and the further development of English exports was being retarded by the laws which restricted imports: "The manufacturers said that the glut which they found in their foreign markets was the result of these same Corn Laws—that wealthy people on the Continent could not buy their commodities be-

cause they could not find a market for their corn" (I, 254).\*

"The opening of the market for foreign corn will probably ruin the English landowners and reduce rent to an incomparably lower level. This, undoubtedly, is a great calamity, but it would not be an injustice" (I, 254). And Sismondi proceeds to argue in the naïvest manner that the revenues of the landowners should be commensurate with the services (sic!!) which they render "society" (capitalist?), and so forth. "The farmers," continues Sismondi, "will withdraw their capital, or part of it at all events, from agriculture."

This argument of Sismondi's (and he rests content with this argument) reveals the main flaw in romanticism, which does not pay sufficient attention to the process of economic development that is actually taking place. We have seen that Sismondi himself pointed to the gradual de-

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\* One sided as may be this explanation given by the English manufacturers who ignore the profounder causes of crises and the fact that they are inevitable when the market does not expand fast enough, it, nevertheless, undoubtedly contains the absolutely correct idea that the realization of the product by selling abroad demands, *on the whole*, corresponding imports from abroad. We bring this explanation of the English manufacturers to the notice of those economists who brush aside the question of the realization of the product in capitalist society with the profound remark: "They will sell abroad."

velopment and growth of commercial farming in England. But he hastened to denounce this process instead of studying its causes. It is only this haste, the desire to thrust his pious wishes upon history, that can explain the fact that Sismondi overlooks the general trend of development of capitalism in agriculture and the inevitable *acceleration of this process* with the repeal of the Corn Laws, i.e., the capitalist progress of agriculture instead of its decline, which Sismondi prophesied.

But Sismondi remains true to himself. He no sooner reached the contradiction inherent in this capitalist process than he immediately set about naïvely "refuting" it in the endeavour to prove at all costs that the path along which the 'English fatherland' was proceeding was a wrong one.

"What will the day labourer do? . . . Work will stop, the fields will be converted into pastures. . . . What will become of the 540,000 families who will be refused work?\*" Even assuming that they will

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\* To "prove" the unsoundness of capitalism, Sismondi forthwith makes an approximate calculation (such as our Russian romanticist Mr V V, for example, is so fond of doing) 600,000 families, he says, are engaged in agriculture. When the fields are converted into pastures, no more than a tenth of this number will be "needed". . . . The more this author betrays his failure to understand the process in all its complexity, the more eagerly he resorts to childish "rule of thumb" calculations.



be fit for all kinds of industrial work, is there, at the present time, an industry that will be able to employ them?... Will a government be found that will voluntarily resolve to subject half the nation which it is governing to such a crisis?... Will those to whom the agriculturists are sacrificed benefit by it? Are not these agriculturists the nearest and most reliable consumers of English manufactures? The cessation of their consumption would strike industry a blow more fatal than the closing of one of the biggest foreign markets" (255-256). The notorious "shrinking of the home market" comes upon the scene. "How much will the manufactories lose by the cessation of the consumption of the whole English agricultural class, which constitutes nearly half the nation? How much will the manufactories lose by the cessation of the consumption of wealthy people, whose revenues from agriculture will be almost wiped out?" (267) The romanticist strains himself to the utmost to prove to the manufacturers that the contradictions which are inherent in the development of their industry, and of their wealth, are merely the result of their error, their imprudence. And to "convince" the manufacturers of the "danger" of capitalism, Sismondi dilates on the danger of competition of Polish and Russian corn (pp. 257-261). He resorts to every possible argument; he even wants to touch the pride of the English. "What will become of Eng-

land's honour if the Emperor of Russia is in a position, whenever he wishes to obtain some concession or other, to starve England by closing the Baltic ports?" (268) Let the reader recall how Sismondi tried to prove that the "apologists of the money power" were wrong by arguing that it was quite easy to cheat when selling. . . . Sismondi wants to "refute" the theoretical interpreters of commercial farming by arguing that the rich farmers would be unable to withstand the competition of wretched peasants (cf. citation given above), and in the end arrives at his favourite conclusion, evidently convinced that he has proved that the path along which the "English fatherland" is proceeding is a "wrong one." "The example of England shows us that this practice (the development of money economy, which Sismondi opposes to *l'habitude de se nourrir soi même*, "live by the labour of one's hands") is not without its dangers" (263). "The very system of economy (namely, commercial farming) is bad, rests upon a dangerous foundation, and this is what they should try to change" (266).

The concrete question that is brought up by the conflict of definite interests in a definite system of economy is thus submerged in a flood of pious wishes! But the question was raised by the interested parties themselves so sharply that it became utterly impossible to confine oneself to

such a "solution" (as romanticism confines itself to it on all other questions).

"But what is to be done?" Sismondi asks in despair. "Open the ports of England, or close them? Doom the manufacturing or the rural workers of England to starvation and death? It is, indeed, a dreadful question; the position in which the British Cabinet finds itself is one of the most delicate that statesmen can ever face" (260). And Sismondi again and again reverts to the "general conclusion" that the system of commercial farming is "dangerous," that it is "dangerous to subordinate the whole of agriculture to the system of speculation." But "how it is possible, in England, to take measures—serious but at the same time gradual, that would raise the importance (*remettraient en honneur*) of the small farms, when half the nation which is engaged in manufacture suffers hunger, and the measures which it demands doom the other half of the nation which is engaged in agriculture to starvation I do not know. I think the Corn Laws should be considerably amended; but I advise those who are demanding their complete repeal carefully to study the following questions" (267)—then follow the old complaints and apprehensions about the decline of agriculture, the shrinking of the home market, and so forth.

Thus, at the very first impact of reality, romanticism suffered utter collapse. It was obliged

to issue to itself a testimonium paupertatis and itself sign the receipt for it. Recall how easily and simply romanticism "solved" all problems in "theory"! Protection is unwise, capitalism is a fatal error, the road England has taken is wrong and dangerous, production must keep in step with consumption, industry and commerce must keep in step with agriculture, machines are beneficial only when they lead to a rise in wages or to a reduction of the working day, means of production must not be divorced from the producer, exchange must not run ahead of production, must not lead to speculation, and so on, and so forth. Romanticism stopped up every contradiction with a corresponding sentimental phrase, answered every question with a corresponding pious wish, and called the sticking of these labels upon all the facts of current life "solving" the problems. It is not surprising that these solutions appeared so charmingly simple and easy: they ignored only one slight circumstance—the real interests, the conflict of which constituted the contradiction. And when the development of this contradiction brought the romanticist face to face with one of these particularly grave conflicts, such as was the struggle between the parties in England that preceded the repeal of the Corn Laws, our romanticist was flung into dismay. He felt perfectly at ease in the haze of dreams and pious wishes, he so skilfully composed moralizing

phrases that were applicable to "society" in general (but inapplicable to any historically determined system of society), but when he dropped from his world of phantasy into the maelstrom of real life and conflict of interests, he did not even have a criterion with which to be guided in solving concrete problems. The habit of abstract theorizing and of arriving at abstract solutions reduced the problem to the bare formula: which part of the population should be ruined—the agricultural or the manufacturing part? And, of course, the romanticist could not but conclude that neither part should be ruined, that it was necessary to "turn from the path" . . . but the real contradictions closed in around him so tightly that he was unable to ascend again into the haze of pious wishes, and the romanticist was obliged to *give an answer*. Sismondi even gave two answers: first "I do not know"; second—"on the one hand one cannot but admit, on the other hand it must be recognized."

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On January 9, 1848, Karl Marx delivered, at a public meeting in Brussels, a "speech on free trade."\* Unlike romanticism, which declared that

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\* "Discours sur le libre échange" ("Speech on Free Trade"—*Ed*) We are using the German translation. "Rede über die Frage des Freihandels."

"political economy is not a science of calculation, but a science of morality," he took as the point of departure for his exposition precisely the plain and sober *calculation of interests*. Instead of regarding the Corn Laws as a question concerning a "system," chosen by a nation, or as a question of legislation (as Sismondi looked upon it), the speaker began by presenting the question as one of a conflict of interests between manufacturers and landowners, and showed how the English manufacturers tried to present the question as a national question, tried to assure the workers that they were acting in the interests of the welfare of the nation. Unlike the romanticists, who had presented the issue in the form of the considerations which a legislator must have in mind when carrying out the reform, the speaker reduced the question to one of a conflict of the real interests of the different classes of English society. He showed that the entire question sprang from the necessity of reducing the price of raw materials for the manufacturers. He described the distrust of the English workers who saw "in these self-sacrificing gentlemen, in Bowring, Bright & Co., their worst enemies."

"The manufacturers build great palaces, at immense expense, in which the Anti Corn Law League<sup>2</sup> takes up its official residence. They send an army of missionaries to all corners of England to preach the gospel of free trade; they print and

distribute gratis thousands of pamphlets to enlighten the workingman upon his own interests. They spend enormous sums to buy over the press to their side. They organize a vast administrative system for the conduct of the free trade movement, and bestow all the wealth of their eloquence upon public meetings. It was at one of these meetings that a workingman cried out: 'If the landlords were to sell our bones, you manufacturers would be the first to buy them, and to put them through the mill and make flour of them.' The English workingmen have appreciated to the fullest extent the significance of the struggle between the lords of the land and of capital. They know very well that the price of bread was to be reduced in order to reduce wages, and that the profit of capital would rise by as much as rent fell."

Thus the very *presentation of the question* is quite different from that of Sismondi's. The aims the speaker set himself were, first, to explain the attitude of the different classes of English society towards this question from the point of view of their interests; and second, to throw light on the significance of the reform in the general evolution of the English system of social economy.

The speaker's views on this last point coincide with those of Sismondi, in that he, too, regards the question not as a specific one, but as the *general question* of the development of capitalism, of "free trade" as a system. "The repeal of

the Corn Laws in England is the greatest triumph of free trade in the nineteenth century."<sup>24</sup> "... By the repeal of the Corn Laws, free competition, the present social economy, is carried to its extreme point."<sup>25</sup> Hence, the issue presents itself to these authors as a question of whether *the further development of capitalism is desirable* or should be retarded, whether "other paths" should be sought, and so forth. And we know that their answer in the affirmative to this question served as the solution of the general question of principle of the "destiny of capitalism" and not of the specific question of the Corn Laws in England; for the point of view established here was also applied much later in relation to other countries. The authors held such views in the 1840's in relation to

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\* *Die Lage der arbeitenden Klasse in England* (1845) \*  
 This work was written from exactly the same point of view *before* the repeal of the Corn Laws (1846), whereas the speech quoted in the text was delivered *after* they were repealed. But the difference in time is of no importance to us: it is sufficient to compare the above-quoted arguments of Sismondi, that were advanced in 1827, with this speech that was delivered in 1848, to see the complete identity of the *elements of the question* in the case of both authors. This idea of comparing Sismondi with the modern German economist we borrowed from *Handwörterbuch der Staatswissenschaften*, B V Art. "Sismondi" von Lippert, Seite 679. The analogy he drew was of such thrilling interest that Mr. Lippert's mode of exposition at once lost all its woodenness... that is to say, "objectivity," and became interesting, vivacious, and even fervid.



Germany, and in relation to America,\* and declared that free competition was progressive for that country; with respect to Germany one of them wrote, as early as the sixties, that she suffered not only from capitalism, but also from the insufficient development of capitalism.

Let us return to the speech we have been dealing with. We pointed to the fundamentally different point of view of the speaker, who reduced the question to one of the interests of the different classes in English society. We see the same profound difference also in his presentation of the purely theoretical question of the significance of the repeal of the Corn Laws for the social economy. For him it is not the abstract question of which *system* England should adopt, what path she should choose (as the question is presented by Sismondi, who forgets that England has a past and present which already determine that path). No, he forthwith presents the question on the basis of the *present social economic system*; he asks himself: *what must be the next step* in the development of this system after the Corn Laws are repealed?

The difficulty of this question lay in determining how the repeal of the Corn Laws would affect *agriculture*, for as regards industry, its effect was clear to all.

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\* Cf. *Neue Zeit*,\*\* the recently discovered articles which Marx had published in *Westphalisches Dampfboot*.\*\*

To prove how this repeal would also benefit agriculture, the Anti Corn-Law League offered a prize for the three best essays on the beneficial effect the repeal of the Corn Laws would have upon English agriculture. The speaker briefly outlined the views of the three prize winners, Hope, Morse and Greg, and at once singled out the latter, whose essay most scientifically and most strictly followed the principles laid down by classical political economy.

Greg, himself a big manufacturer, writing mainly for big farmers, shows that the repeal of the Corn Laws would push the small farmers out of agriculture and compel them to turn to industry but would benefit the big farmers, who would be able to rent land on longer leases, invest more capital in the land, employ more machines and less labour, the latter, moreover, becoming cheaper with the reduction in the price of corn. The landlords, however, would have to be content with a lower rent because land of poorer quality would drop out of cultivation as it would be unable to withstand the competition of cheap imported corn.

The speaker proved to be quite right in regarding this forecast and open defence of capitalism in agriculture as the more scientific. History has confirmed his forecast. "The repeal of the Corn Laws gave a marvellous impulse to English agriculture. . . . A positive decrease of the agricultural population went hand in hand with increase of

the area under cultivation, with more intensive cultivation, unheard of accumulation of the capital incorporated with the soil, and devoted to its working, an augmentation in the products of the soil without parallel in the history of English agriculture, plethoric rent-rolls of landlords, and growing wealth of the capitalist farmers.... Greater outlay of capital per acre, and, as a consequence, more rapid concentration of farms, were essential conditions of the new method."\*

But the speaker, of course, did not confine himself to recognizing Greg's arguments as being

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\* This was written in 1867.\* As regards the rise in rents, to explain this phenomenon it is necessary to bear in mind the law which has been established by the modern analysis of differential rent, namely, *that a rise in rent is possible simultaneously with a reduction in the price of corn.* "When the English corn taxes were abolished in 1846, the English manufacturers believed that they had transformed the landowning aristocracy into paupers. Instead of that they became richer than ever. How did that happen? Very simple. In the first place, the renting capitalists were now compelled by contract to invest 12 pounds sterling annually instead of 8 pounds, as heretofore. And in the second place, the landlords, being strongly represented also in the Lower House, granted to themselves a heavy subsidy for the drainage and other permanent improvements of their lands. Since no total displacement of the worst soil took place, but at the worst a temporary employment of such soil for other purposes, the rents rose in proportion to the increased investment of capital, and the landed aristocracy were better off than ever before' (*Das Kapital*, III, 2, 259)."

most correct. Coming from the mouth of Greg, they were the arguments of a Free Trader who was discussing English agriculture in general, and was trying to prove that the repeal of the Corn Laws would benefit the nation in general. After what we have said above, it is evident that these were not the views of the speaker.

He explained that a reduction in the price of corn, so glorified by the Free Traders, implied an inevitable reduction in wages, the cheapening of the commodity "labour" (to be more exact: labour power); that the drop in the price of corn would never be able to compensate the workers for the drop in wages, firstly, because even with the drop in the price of corn it would be more difficult for the worker to save on the consumption of bread to be able to buy other articles; secondly, because the progress of industry cheapens articles of consumption, substituting spirits for beer, potatoes for bread, cotton for wool and linen, and, by all this, lowering the standard of requirements and living of the worker.

Thus we see that *apparently* the speaker establishes the elements of the question in the same way as Sismondi does: he *too* admits that the ruination of the small farmers, the impoverishment of the workers in industry and in agriculture, will be the inevitable consequence of Free Trade. It is here that our Narodniks, who are also distinguished for their inimitable skill in "citing,"

usually stop quoting "excerpts," and with an air of complete satisfaction declare that they too fully "agree." But these methods merely show that they have totally failed to understand first, the tremendous difference in the presentation of the question to which we pointed above; second, that they overlook the fact that *here* the fundamental difference between the modern theory and romanticism *only begins*: the romanticist turns from the concrete problems of actual development to dreams, whereas the realist takes the established facts as a criterion for a definite solution of a concrete problem.

Pointing to the forthcoming improvement in the conditions of the workers the speaker went on to say:

"Thereupon the economists will tell you:—

"'We admit that competition among the workers will certainly not be lessened under free trade, and will very soon bring wages into harmony with the low price of commodities. But, on the other hand, the low price of commodities will increase consumption, the larger consumption will increase production, which will in turn necessitate a larger demand for labour, and this larger demand will be followed by a rise in wages.'

"The whole line of argument amounts to this: *Free trade increases productive forces*. When manufactures keep advancing, when wealth, when the productive forces, when, in a word, productive capital increases the demand for labour, the price

of labour, and consequently the rate of wages, rises also. *The most favourable condition for the workingman is the growth of capital. This must be admitted.\** When capital remains stationary, commerce and manufacture are not merely stationary but decline, and in this case the workman is the first victim. He goes to the wall before the capitalist. And in the case of the growth of capital, under the circumstances, which, as we have said, are the *best* for the workingman, what will be his lot? He will go to the wall just the same..." And quoting the statistics presented by the English economists the speaker went on to explain in detail how the concentration of capital increases the division of labour, which cheapens labour power by substituting unskilled labour for skilled labour, how the machines oust the workers, how big capital ruins the small manufacturers and small rentiers and leads to the intensification of crises, which still further increase the number of unemployed. The conclusion he drew from his analysis was that free trade signifies nothing more nor less than freedom for the development of capitalism.

Thus, the speaker was able to find a criterion for the solution of the problem which at first sight seemed to lead to the same hopeless dilemma before which Sismondi halted: both free trade and

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\* Our italics.

its restraint equally lead to the ruination of the workers. *This critterton is—the development of the productive forces.* The presentation of the problem on a historical basis at once made itself manifest: Instead of comparing capitalism with some abstract society as it ought to be (i.e., actually with a utopia), the author compared it with the *preceding stages* of social economy, compared the different and successive stages of capitalism, and *established the fact that the productive forces of society develop thanks to the development of capitalism.* By applying a scientific critique to the arguments of the Free Traders he was able to avoid the mistake that is usually made by the romanticists who, denying that it has any importance, “throw the baby out of the bath together with the bath water”; he was able to pick out the sound grain in it, i.e., the undoubted fact of enormous technical progress. Our Narodniks, with their characteristic wit, would, of course, have concluded that this author, who had so openly *taken the side of big capital against the small producer*, is an “apologist of the money power,” the more so that he addressed Continental Europe and applied the conclusions he drew from English life to his own country, where, at that time, large-scale machine industry was only taking its first timid steps. And yet, precisely this example (like a mass of similar examples from West European history) could help them to study the phenomenon

which they cannot possibly (perhaps they do not wish to?) understand, namely, that recognition of the fact that big capital is progressive compared with small production, is very very far from being "apologetics."

It is sufficient to recall the above quoted chapter in Sismondi's book, and this speech, to be convinced that the latter is superior both from the standpoint of theory and of hostility towards every kind of "apologetics." The speaker described the contradictions that accompany the development of big capital more exactly, more fully, more straightforwardly and more frankly than the romanticists have ever done. But he never descended to a single sentimental phrase bewailing this development. He never uttered a word about the possibility of any "turning from the path." He was aware that by means of such phrases people only cover up the fact that they themselves "turn" away from the question with which life is confronting them, i.e., present day economic reality, present day economic development, the interests which are today springing from this development.

The above mentioned fully scientific criterion enabled him to solve this problem while remaining a consistent realist.

"Do not imagine, gentlemen," said the speaker, "that in criticizing freedom of commerce we have the least intention of defending Protec-



tion." And he went on to point out that under the present system of social economy both Free Trade and Protection rested on the same basis, pointed briefly to the "breakup" of the old economic life and of the old semipatriarchal relationships in West-European countries which capitalism had brought about in England and on the Continent, and pointed to the social fact that under certain conditions free trade *hastens* this "breaking up" process.\* And he concluded with the words: "In this sense alone, gentlemen, I am in favour of free trade."<sup>1</sup>

Written in the spring of 1897

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Signed: K. T—n

Reprinted in the collection  
of essays by Vladimir Ilyin,  
*Economic Studies and Essays*, 1898

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\* This progressive nature of the repeal of the Corn Laws was also clearly pointed to by the author of *Die Lage*, even before those laws were repealed (l.c., p. 179)<sup>40</sup> and in doing so he especially stressed the influence it would have upon the consciousness of the producers.

## NOTES

Lenin wrote this work, *A Characterization of Economic Romanticism* in the spring of 1897, when in exile in Siberia. It was first published in four issues of the magazine *Novoye Slovo* (*The New Word*) Nos. 7-10, April-July 1897, signed "K. T—n." Later it was reprinted in the collection of essays by Vladimir Ilyin, *Economic Studies and Essays*, published in October 1898 (the title page gives the date 1899). In 1908 it was reprinted with slight alterations and abbreviations in the collection of essays *The Agrarian Question*.

In preparing the work for the legal editions of 1897 and 1898, Lenin was obliged for reasons of the censorship to write "the modern theory" instead of "Marx's theory" and "the theory of Marxism"; "a certain German economist" instead of "Karl Marx"; "realist" instead of "Marxist"; "treatise" instead of "*Capital*," and so forth. In the 1908 edition Lenin corrected a considerable number of these terms and explained others in footnotes. In the second and third editions of Lenin's *Collected Works* his corrections were given in footnotes. In this edition the corrections have been made in the text. Title page

*Russkoye Bogatstvo*—a monthly magazine published from 1876 to the middle of 1918. In the beginning of the nineties of the nineteenth century the magazine became the organ of the liberal Narodniks and was edited by S. N. Krivenko and N. K. Mikhailovsky. It

preached conciliation with the tsarist government and the abandonment of all revolutionary struggle against it, waged a fierce struggle against Marxism, and baited the Russian Marxists. p. 7

- 3 V. V. (the pseudonym of V. P. Vorontsov) and N —on or Nikolai —on (the pseudonym of N. F. Danielson), ideologists of liberal Narodism of the eighties and nineties of the nineteenth century p. 10
- 4 Cf. Karl Marx, *Capital*, Vol. II, Chicago 1925, p. 431 p. 38
- 5 Karl Marx, *Capital*, Vol. II, Chicago 1925, pp. 404 611. p. 38
- 6 In the 1897 and 1898 editions, Lenin at this point referred to M. I. Tugan Baranovsky's book *Industrial Crises*, Part II. In the 1908 edition he substituted for this a reference to his own book *The Development of Capitalism in Russia*, the first edition of which appeared in 1899. p. 38
- 7 Karl Marx, *Capital*, Vol. II, Chicago 1925, p. 452 p. 42
- 8 Karl Marx, *Capital*, Vol. III, Chicago, p. 293. p. 46
- 9 Karl Marx, *Capital*, Vol. II, Chicago 1925, p. 363. p. 66
- 10 Frederick Engels, *The Condition of the Working Class in England in 1844*, London 1926, pp. 84 85. p. 84
- 11 *Zur Kritik*—the first two words of the title of Karl Marx's work *Zur Kritik der politischen Oekonomie* (*A Contribution to the Critique of Political Economy*) which Lenin cites. The excerpts in this volume are taken from Karl Marx, *A Contribution to the Critique of Political Economy*, Chicago 1911, p. 70. p. 117

- <sup>12</sup> In the 1897 and 1898 editions Lenin, for reasons of the censorship, referred at this point not directly to Marx, but to Struve, who had quoted the following passage from Marx's *Critique of the Gotha Program*.

"Quite apart from the analysis so far given, it was in general a mistake to make a fuss about so-called *distribution* and put the principal stress on it.

"Any distribution whatever of the means of consumption is only a consequence of the distribution of the conditions of production themselves ... Vulgar Socialism (and from it in turn a section of democracy) has taken over from the bourgeois economists the consideration and treatment of distribution as independent of the mode of production... After the real relation has long been made clear, why retrogress again?" (Karl Marx and Frederick Engels, *Selected Works*, Two Volume ed., Vol. II, Moscow 1951, pp 23 24).

In the 1908 edition Lenin refers directly to Marx's *Critique of the Gotha Program*. This correction of Lenin's has been put into the body of the text in the 4th Russian edition of the *Collected Works*. p. 123

- <sup>13</sup> Karl Marx, *Capital*, Vol. III, Chicago, pp. 1023 1024, 1028, 1030 p. 124

- <sup>14</sup> Karl Marx, *Capital*, Vol III, Chicago, p 979 p. 126

- <sup>15</sup> Beltov—the pen name of G V Plekhanov. The excerpt is taken from his book *On the Development of the Monistic View of History*, Russ. ed., 1938, p. 32 p. 129

- <sup>16</sup> Karl Marx, *Theorien über den Mehrwert*, Berlin 1923, Fünfte Auflage, Bd II, Teil I, S. 304 u ff. p. 130

- <sup>17</sup> Lenin ironically applies the term "progressive" publicist of the end of the nineteenth century to the liberal Narodnik S N Yuzhakov. p. 137

- <sup>18</sup> For reasons of the censorship Lenin here substituted the

word "writers" for the word "Socialists" ("Sozialisten" in the German original). See Karl Marx, *The Poverty of Philosophy*, Moscow Leningrad 1935, p. 126. p. 140

<sup>19</sup> Karl Marx, *The Poverty of Philosophy*, Moscow-Leningrad 1935, pp. 58-59. p. 144

<sup>20</sup> Karl Marx, *A Contribution to the Critique of Political Economy*, Chicago 1911, pp. 120-21. p. 149

<sup>21</sup> In the first and second editions of this work (in the magazine *Novoye Slovo*, 1897 and in the collection of essays *Economic Studies and Essays*, 1898) Lenin, for reasons of the censorship, did not mention Karl Marx but quoted this passage from Marx's *The Eighteenth Brumaire of Louis Bonaparte* from N. Bel'tov's (G. V. Plekhanov's) book *On the Development of the Monistic View of History*.

In the third edition (in the collection of essays *The Agrarian Question*, 1908), Lenin refers directly to Marx and his book and quotes from the volume: K. Marx, *Selected Historical Works*, St. Petersburg 1906. This correction of Lenin's has been made in the body of the text of the 4th Russian edition of the *Collected Works*. For the passage quoted see Karl Marx and Frederick Engels, *Selected Works*, Two Volume ed., Vol. I, Moscow 1951, pp. 249-50. p. 154

<sup>22</sup> *Russkaya Mysl* (*Russian Thought*) a monthly magazine of a liberal Narodnik trend, began publication in 1880. After the Revolution of 1905 the magazine became the organ of Constitutional Democratic Party (Cadets) and was edited by P. B. Struve. It was closed down in the middle of 1918. p. 155

<sup>23</sup> *Novoye Slovo* (*The New Word*)—a scientific, literary and political magazine published in St. Petersburg in 1894 by the liberal Narodniks, and from 1897 onwards by the "legal Marxists." In addition to the underground

press, Lenin made use of the permitted publications in tsarist Russia. During his exile in Siberia he contributed two articles to *Novoye Slovo*, "A Characterization of Economic Romanticism" and "Concerning a Certain Newspaper Comment." The magazine also published articles by G. V. Plekhanov and stories by Maxim Gorky. In December 1897 the magazine was closed down by the tsarist government. p. 106

- <sup>24</sup> Karl Marx and Frederick Engels, *The Manifesto of the Communist Party*. See Karl Marx and Frederick Engels, *Selected Works*, Two-Volume ed., Vol. I, Moscow 1951, p. 54. p. 163
- <sup>25</sup> Karl Marx, *Capital*, Vol. III, Chicago, pp. 746-47. p. 165
- <sup>26</sup> Karl Marx, *Capital*, Vol. I, Chicago 1926, p. 554 p. 166
- <sup>27</sup> Frederick Engels, *The Condition of the Working Class in England in 1844*, London 1926. p. 166
- <sup>28</sup> Frederick Engels, *The Condition of the Working Class in England in 1844*, London 1926, p. 15. p. 179
- <sup>29</sup> Karl Marx, *Capital*, Vol. I, Chicago 1926, p. 552 In the 1897 and 1898 editions of *A Characterization of Economic Romanticism* Lenin, for reasons of the censorship, substituted for the words "social revolution" ("der sozialen Revolution"), the words "social transformation." In the 1908 edition Lenin altered these words to "social revolution." This correction of Lenin's has been made in the text of the 4th Russian edition of the *Collected Works*. p. 192
- <sup>30</sup> Karl Marx and Frederick Engels, *Manifesto of the Communist Party*.

For reasons of the censorship Lenin translated the words "this school of Socialism" ("dieser Sozialismus") as "this doctrine" and the phrase "crying inequalities in the distribution of wealth" as "crying injustice in

production." This is how it was given in the second and third editions of the *Collected Works* of V. I. Lenin, but in the fourth edition the words "in production" have been changed to "distribution of wealth." Karl Marx and Frederick Engels, *Selected Works*, Two-Volume ed., Vol. I, Moscow 1951, pp. 53-54. p. 198

*The Corn Laws* were introduced in England in 1815. They imposed high tariffs on grain imports from abroad and sometimes even totally prohibited grain imports. The Corn Laws enabled the big landlords to raise the price of corn in the home market and to receive enormously high rent. The Corn Laws were the hub of a long and bitter struggle between the big landlords and the bourgeoisie which culminated in the repeal of the Corn Laws in 1846. p. 205

Karl Marx, *Free Trade*. (An Address delivered before the Democratic Association of Brussels, Belgium, January 9, 1848.) New York 1921. p. 213

*The Anti Corn-Law League* was formed in Manchester in the late thirties of the nineteenth century and was headed by the textile millowners Cobden and Bright. The League fought for the abolition of the high tariffs on imported grain which ensured enormous incomes for the big landlords. It strove to secure a reduction in the price of corn with the object of reducing wages and of increasing the capitalists' profits. The League fought for free trade in general and in 1846 compelled the government to repeal the Corn Laws. p. 214

Karl Marx, *Free Trade*, New York 1921, p. 25. p. 216

Frederick Engels, *The Condition of the Working Class in England in 1844*, London 1926, p. 268. p. 216

*Die Neue Zeit* (*New Times*) a German Social Democratic magazine published in Stuttgart from 1883 to

1923. Up to 1917 it was edited by Karl Kautsky, and from 1917 it was edited by H. Cunow. In the years 1885-95 several articles by F. Engels were published in *Die Neue Zeit*. Engels frequently sent directives to the editors of the magazine and sharply criticized their departures from Marxism. In the latter half of the nineties, the magazine began regularly to publish articles by revisionists. During the first world imperialist war the magazine took a Centrist, Kautskyite stand and supported social chauvinism. p. 217

This refers to a part of the work by Karl Marx and Frederick Engels *The German Ideology* which Karl Marx, in 1847, published under his own name in the monthly magazine *Westphalisches Dampfboot* (*The Westphalian Steamboat*) and which was reprinted in 1899 in the organ of the German Social Democratic Party *Die Neue Zeit*. See Karl Marx and Frederick Engels, *The German Ideology*, London 1938, pp. 118-80

p. 217

Karl Marx, *Capital*, Vol. I, Chicago 1926, pp. 744-45.

p. 219

Karl Marx, *Capital*, Vol. III, Chicago, pp. 841-42.

p. 219

Frederick Engels, *The Condition of the Working Class in England in 1844*, London 1926, p. 268. p. 225

For reasons of the censorship Lenin here altered (or deleted) some of the words quoted from this part of Marx's speech on "Free Trade." Thus, he translated the words "hastens the social revolution" as "hastens this 'breaking up' process," and the phrase "in this revolutionary sense alone" he translated as "in this sense alone." See Karl Marx, *Free Trade*, New York 1921, pp. 42-43.



